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Japan

Aviation Talks With U.S. in Washington Stall

OW0807045995 Tokyo NHK General Television Network in Japanese 0302 GMT 8 Jul 95

[Announcer-read report; from the "NHK News" program]

[FBIS Translated Text] The Japan-U.S. aviation talks have been held in Washington since 5 July. At the aviation talks on 7 July, however, both sides failed to bridge their differences over the U.S. demand for new cargo flights for U.S. airlines, and the talks will be resumed next week in Tokyo for a final settlement.

At the aviation talks which began on 5 July, U.S. negotiators demanded anew that Japan immediately permit U.S. airliners to transport air cargoes from the United States to Asian destinations via Japan. They showed a flexible stance by indicating that if Japan permits U.S. carriers to do so, the United States would permit Japanese airlines to transport air cargoes from Japan to third destinations via the United States by increasing the number of cargo flights for them.

In response, Japanese negotiators said: The U.S. demand for seven new cargo flights for U.S. carriers is excessive to accept. If Japan goes along with the U.S. demand, the United States needs to expand beyond rights for Japanese carriers. As a result, no conclusion has been reached at the aviation talks and both sides agreed on 7 July to hold again the aviation talks in Tokyo for two days from 13 to 14 July.

With regard to the Japan-U.S. aviation talks, the U.S. Government has indicated that if no agreement is reached between Japan and the United States at the aviation talks, it would decide on sanction measures after 14 July. In response, the Japanese Government is poised to take countermeasures. The possibility has emerged, therefore, that if the Tokyo aviation talks fail to hammer out an agreement, ministerial talks would be held to settle the aviation dispute between Japan and the United States.

Talks To Resume in Tokyo

OW0807025595 Tokyo KYODO in English 0226 GMT 8 Jul 95

[By Kohei Murayama]

[FBIS Transcribed Text] Washington, July 7 KYODO — Japan and the United States agreed Friday [7 July] to meet next week in Tokyo after managing to set the stage for resolving the aviation dispute during their three-day talks here, a senior Japanese official said.

The two parties narrowed down their negotiation points to short-term issues in a bid to resolve the impasse by setting aside a longer-term dispute over reviewing the 1952 bilateral civil aviation treaty, the official told reporters on condition of anonymity.

He said that Japan dropped its demand for an overall review of the treaty before accepting any individual requests for new routes by U.S. airlines because the U.S. side "recognized our insistence" over the treaty, which Japan claims is unbalanced in favor of the U.S.

Based on "beyond rights" under the treaty, Washington is urging Japan to permit Federal Express Corp. to add new cargo routes, particularly to its new Asian hub airport in the Philippines via the new 24-hour Kansai International Airport near Osaka.

The Japanese official said the two parties are trying to address the aviation pact by seeking an accord on such short-term issues as Japan permitting Federal Express to increase its routes and the U.S. allowing new routes to Japanese cargo carriers from the Kansai Airport.

Japanese airlines are currently not allowed to operate cargo services from the Kansai Airport to the United States, and the expansion of services by Federal Express will create a further imbalance under the treaty, the official said.

With the U.S. acknowledging the unfairness of the treaty, the official said, Washington is expected to offer new routes to Japan airlines, mainly to Chicago and fly beyond to other cities and countries like Mexico.

During the three-day talks in Washington, however, both sides considered each other's demands on short-term issues as "too much," and the negotiators "were still not ready to soften their stance to offer concessions," the official said.

"The U.S. side wanted to continue talks through the weekend, but we proposed breaking to cool off once and to resume next week in Tokyo," he said, adding the U.S. negotiators agreed to meet again in Tokyo next Thursday and Friday.

Noting the meeting next week will be the final session for subcabinet officials toward an agreement, the official said, "the scenario, in my personal view, is that subcabinet ministers fill as many gaps as possible at the talks next week for their ministers to meet to resolve the dispute."

U.S. officials were not available for comment, but State Department spokesman Nicholas Burns painted a rosy picture of the proceedings at a regular press briefing held before the Friday negotiations ended.

"They have been good talks, serious and businesslike," Burns said.

Secretary of State Warren Christopher met with the Japanese delegation, reiterating the U.S. stance that "they must first recognize the rights of Federal Express under our bilateral civil air agreement, and when they do that the United States would then be willing to discuss other civil aviation issues that are of interest to Japan and the United States," Burns said.

Earlier this week, both U.S. and Japanese officials expressed hope that the recently settled auto trade dispute would provide momentum for solving the aviation dispute.

The two nations managed last week to reach an accord on the two-year auto trade dispute just hours before a U.S. deadline for imposing sanctions. But Washington then decided Monday to begin investigating Japan's consumer photographic film and paper market in line with a petition filed by Eastman Kodak Co.

The aviation dispute has also seen lengthy bickering over air cargo routes, with the two nations recently threatening each other with retaliatory actions.

U.S. Transportation Secretary Federico Pena proposed June 21 the barring of two Japanese airlines from carrying cargo from five Asian countries via Japan to the United States. Final determination for imposing these sanctions is to be made after Thursday — just in time for the agreed talks next week.

Japan's Transport Minister Shizuka Kamei indicated his intention to take counterretaliatory action, saying, "Japan will have no choice but to take appropriate steps."

But after the auto trade dispute was settled, the two nations began showing a willingness to resolve the aviation dispute, particularly with Christopher and Japan's Foreign Minister Yohei Kono calling for quick resolution.

The three-day talks in Washington were agreed on in a telephone conversation last week between Christopher and Kono.

Pressure To Further Open Market Expected

*OW0807061395 Tokyo KYODO in English
0529 GMT 8 Jul 95*

[FBIS Transcribed Text] Tokyo, July 8 KYODO — Japan is likely to come under growing pressure to open its market wider to imports at a business conference opening in the United States on Sunday, business sources said Saturday [8 July].

Business leaders from Japan and the United States will open a three-day session in Tucson, Arizona, to exchange views on pending economic and financial issues.

The annual conference was inaugurated in 1961 to exchange views on ways to resolve trade friction between the two major trading partners.

The business sources said the three main subjects on the agenda are the opening of the Japanese market, deregulation, and ways to rectify the bilateral trade imbalance. Macroeconomic and monetary problems will also be discussed, they said.

The meeting is being held at a time when bilateral trade friction shows signs of intensifying.

The U.S. Trade Representative's office has just launched a one-year investigation into whether the Japanese photo film market is closed to foreign makers, while the U.S. Government has threatened to impose sanctions on Japanese airlines over an aviation dispute.

Yotaro Kobayashi, head of the Japanese delegation and chairman of Fuji Xerox Co., expressed hope that both sides will reaffirm at their forthcoming meeting that they will eliminate sources of trade friction between the two nations.

Kobayashi said the Japanese side will try to formulate a mechanism to settle disputes between the two countries at the private level.

The sources said the Japanese delegation will submit to an expert panel a report on the opening of the Japanese market prepared by a special committee formed by representatives of both sides.

The U.S. delegation will be headed by D.V. Fites, chairman of Caterpillar Inc.

High Yen Concerns U.S., Japanese Businessmen

*OW1007020895 Tokyo KYODO in English
0150 GMT 10 Jul 95*

[FBIS Transcribed Text] Tucson, Arizona, July 9 KYODO — Japanese and U.S. business leaders who met Sunday [9 July] for a three-day conference agreed to jointly express concerns about the current high value of the yen against the dollar, conference sources said.

An appropriate phrase will be integrated into a report to be submitted to an annual Japan-U.S. Business Conference's subcommittee meetings that will start Monday, the sources said.

The annual get-together is designed to enable business leaders from the two nations to discuss bilateral trade imbalances and other irritants threatening the pair's ties in a bid to find solutions.

The Japan-U.S. Business Council is chaired by Fuji Xerox Co. Chairman Yotaro Kobayashi and Caterpillar Inc. chief Donald Fites. Fites assumed the post this year after it was vacated by Joseph Gorman, Chairman of TRW Inc.

This year's report will carry a wording that says the current yen-dollar exchange rates have deviated much from economic fundamentals of the two economies, the sources said.

Last year, deputies from both sides failed to reconcile their differences over wording on the high yen — with the Japanese side pushing for a phrase critical of it and the U.S. side seeking to block insertion of such a phrase.

However, this year's report marked a turnaround, with the U.S. business leaders dropping their opposition to such wording and agreeing to its inclusion in the report, the sources said.

The report was put together by deputies of the two sides that discussed the wordings prior to the start of the conference.

Although there had been disagreement over a proposal to issue a communique at the end of the three-day parley, Kobayashi and Fites softened the gap with an eleventh-hour accord, prompting organizers to begin compiling the text of the communique, they said.

The two businessmen also agreed to issue a communique that may put forward some recommendations to the cabinet ministers of Asia-Pacific Economic Cooperation forum member economies, scheduled to meet in Osaka in November, they added.

Distributors 'Bewildered' by Kodak Allegations

OW0507172295 Tokyo ASAHI SHIMBUN in Japanese 5 Jul 95 Morning Edition p 11

[FBIS Translated Text] "Kodak's allegations are beside the point. It has never asked us to carry its products." Four major special distributors of Fuji film unanimously said as much after hearing Eastman Kodak Co.'s allegations of unfair trade barriers that keep Kodak film out of the Japanese market.

Bewildered over the matter, Tomihiko Asada, the president of the Kashimura Corporation (main office in Tokyo), said: "It is beyond our understanding. Kodak is arguing that the Japanese market is closed, but it did not even knock on our door." He then added: "Since my company is an independent enterprise, we will give a good proposal a close look. A business dispute such as this should be settled between concerned firms."

Editorial on Tokyo-Washington Film Dispute

OW0907095195 Tokyo YOMIURI SHIMBUN in Japanese 7 Jul 95 Morning Edition p 3

[Editorial: "Washington Urged To Stop Negotiations Which Resort to Power"]

[FBIS Translated Text] More economic friction has begun to smolder between Japan and the United States after, at long last, the two countries settled their auto negotiations after rough going.

In response to allegations made by the Eastman Kodak Company that "the Japanese film and photographic paper market is closed," the Office of the U.S. Trade Representative has launched an investigation into the allegations under Section 301 of the U.S. Trade Act. The Japan-U.S. vice ministerial talks have been resumed to discuss the U.S. demand that Japan grant American airlines more cargo flights, but the U.S. Government is pressing the Japanese Government for a compromise by saying, "If the Japanese Government refuses to give more cargo flights to American airlines, we will take sanctions measures."

The U.S. method of promoting negotiations with Japan while putting pressure on Japan through unilateral sanctions measures constitutes a violation of the rules of the World Trade Organization (WTO).

The U.S. Government is supposed to have been very aware that it was being harshly criticized by Europe, Asia, WTO member nations, and even American opinion leaders when the auto negotiations were held between Japan and the United States.

It is undesirable that the U.S. Government takes an action that could reignite the emotional confrontation between the two countries which was defused by the settlement of the auto negotiations. The U.S. Government should abandon the posture of using sanctions as a weapon.

The allegations made by Kodak are that: 1) Fuji Photo Film and film wholesalers unfairly dominate the Japanese film and photographic paper market, and 2) the Japanese Government tolerates the closed nature of the market, thereby blocking Kodak products from increasing their share of the market.

In the Japanese film market, Fuji enjoys a 70 percent share compared with 10 percent for Kodak. In the U.S. film market, however, Kodak has a 70 percent share compared with 10 percent for Fuji. Fuji may call the U.S. film market "closed."

The Japanese Government has refuted Kodak's allegations by claiming: "The share of imported film on the

Japanese market is more than 40 percent, and no tariffs are imposed on them. The Japanese market is open."

Fuji is insisting that "the high share of our products in the Japanese market is the result of free competition." To be sure, film retail stores, especially in mass-sale film stores in big cities, are selling domestic and foreign films and they freely compete with each other on prices.

Nevertheless, medium-sized and small film retailers in the countryside and tourist sites sell only Fuji films. In many cases, their prices are high. Fuji will compile a report to refute Kodak's allegations this month. We hope that Fuji, in the report, will explain the relationship with its affiliated film stores and the real state of rebates in the way that consumers easily understand.

Fuji can take its case to the Fair Trading Commission if and when Kodak keeps making an issue of the way Fuji sells its products in the Japanese market after being briefed on the report.

The proper procedure is that if Kodak does not understand, the film dispute should be referred to Japan-U.S. governmental negotiations, and if no settlement is made in the negotiations, then Japan asks the dispute settlement panel of the WTO to make a judgment. We would like to ask both Tokyo and Washington to take the posture of honoring the WTO's rules in order to expand free trade.

If Kodak attempts to forcibly increase sales of its products in the Japanese market against the backdrop of sanctions pressure, this would draw a backlash from consumers and make it impossible for Kodak to achieve the goal of increasing its share in the Japanese market.

Agua Gephalt [name as transliterated], a major German film and photographic paper maker, has worked hard to increase its share in the Japanese market by wholesaling films to major supermarkets and selling image-processing system and color print papers without resorting to the help of the German Government.

Still, Kodak has ample room to study ways to crack the Japanese market and work hard to supply inexpensive and quality products to the market before resorting to the power of the U.S. Government.

Auto Parts Makers To Increase Foreign Parts

OW1007012595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Jul 95 Morning Edition p 1

[FBIS Translated Text] Japanese auto parts makers have moved to expand procurement of foreign parts and materials. Nippon Carbureter Co., Ltd., affiliated with Nissan Motor Co., Ltd., plans by 1998 to treble the procurement rate of imported parts and materials over the figure for 1994. Yushin Co., Ltd., affiliated with Mazda Motor Corporation, plans to double its procurement rate by 1998. Taking advantage of the appreciation of the yen, they intend to decrease the cost of purchasing parts and materials. They also intend to indirectly support the five major auto makers' plans to expand introduction of foreign parts — plans which the five manufacturers announced in late June in a bid to help conclude the Japan-U.S. automobile negotiations. However, the parts makers' moves will lead to the hollowing out of secondary and tertiary subcontract parts makers in Japan.

Nippon Carburetor, a major carburetor maker, annually makes purchases worth approximately 12 billion yen, of which imported parts and materials accounted for only 7 percent in 1994. Materials accounted for most of its imports. It intends to increase imports of parts and materials, particularly processed parts such as pressed parts and springs. The company intends to urge about 50 subcontractors, its business partners, to increase procurement of imported materials.

Electrical accessories company Yushin's annual purchase of materials and parts totals about 25 billion yen, of which imported goods account for nearly 10 percent. The majority of its imports to date have comprised parts and materials for agricultural and construction machinery. It now plans to increase imports of components for electrical accessory parts for automobiles. To this end, the company has already set up offices in Shanghai and London. It is also considering setting up offices in Southeast Asia.

Stanley Electric Co., Ltd., a major company producing lighting equipment for automobiles, plans to treble its procurement of imported goods over the figure for 1994, with the figure rising to 9 billion yen by the end of fiscal 1995. The company will import electrical parts from Southeast Asia, resin materials from Europe, and electric bulb-related parts from the United States. Before fiscal 1992, the company had hardly used foreign parts and materials.

The five major auto makers, including Toyota Motor Corporation, announced global vision programs that include the positive use of foreign parts and materials, to pave the way for agreement to be reached in the Japan-U.S. auto talks. They not only intend to shift parts procurement from Japanese makers to foreign makers, but also to indirectly increase the importation of foreign parts by urging affiliated parts makers to expand procurement of foreign parts and materials.

Honda Affiliates To Expand Production in U.S.

OW0907095395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Jul 95 Morning Edition p 15

[FBIS Translated Text] Auto-parts manufacturers affiliated with Honda Motor Co. are going to expand their operations in the United States. Honda Foundry Corp. (with its head office in Kawagoe, Saitama Prefecture; president — Teruo Yasui) will construct a new engine-parts plant in the United States, and Musashi Seimitsu Industries Co. (with its head office in Toyohashi, Aichi Prefecture; president — Kimitoshi Otsuka) will add metal forging facilities to its U.S. plant so that suspension frame materials can be produced in the United States. Honda has recently decided to expand its production in North America to 720,000 unit in 1997, up 20 percent from the 1994 level, and this was announced in the company's action plan. The Honda-affiliated parts makers intend to expand local production in line with the decision by the parent company, but this may accelerate industrial hollowing in Japan.

Honda Foundry Corp. will open the new plant in January 1996 to produce engine pistons for Honda plants in Ohio and Canada. While Honda U.S.A. currently produces all pistons for itself, this operation will be shifted to Honda Foundry. The firm will also begin making cylinder heads as early as fall 1996. The total amount of investment in the new plant is expected to reach to some 3 billion yen.

Musashi Seimitsu Industries Co. is planning to spend 500-600 million yen to add metal forging facilities to its U.S. factory by 1996. It plans to shift its entire production of suspension frame materials to the United States. The move will increase Musashi Seimitsu's local procurement rate from 50-60 percent to nearly 90 percent.

Nisshin Industries Co. (with its head office in Ueda, Nagano Prefecture; president — Shozo Nakatani) will also stop all exports of brake parts in summer 1997 by reinforcing local production.

Honda plans to expand production of the "Accord" and "Civic" in North America. In 1996 it will introduce a new model designed exclusively for the U.S. and Canadian market. To make its operations in North America more independent, Honda will increase its engine output in North America to 750,000 units in 1998 (from 500,000 at present). The expansion of overseas production is aimed at lowering exchange risks and easing trade frictions with the United States. To achieve its objective of increasing the local procurement rate in the region, Honda is calling for cooperation from subsidiary parts makers.

Kono Interviewed on Relations With U.S., PRC

MS1007103395 London FINANCIAL TIMES in English 10 Jul 95 pp VIII

[Interview with Japanese Foreign Minister Mr Yohei Kono, by William Dawkins; from the Financial Times survey on Japan; date and place not given]

[FBIS Transcribed Text] Mr Yohei Kono, 58, was elected president of the Liberal Democratic Party, traditionally a job that carries the prime ministership with it, two years ago.

He has been foreign minister and deputy prime minister since the present coalition came to power, just over a year ago and is a widely tipped as a potential leader of a future government. Here, he speaks on some of the main issues on Japan's foreign policy agenda.

QUESTION: Is there a risk that the legacy of the trade dispute over cars might damage Japan-US relations?

KONO: Even in today's post-Cold War world, Japan's relationship with the US remains the fundamental basis of our foreign policy. Japan and the US share the view that, on this, the 50th anniversary of the end of the Second World War, we reaffirm the nature of the Japan-US relationship as one of cooperation towards the future, and that together we will bring about creative results in numerous fields including the so-called Common Agenda for Cooperation in Global Perspective (involving a wide range of global issues such as population and HIV/Aids, children's health, Women in Development, security dialogue and the Asia Pacific Economic Co-operation forum.

QUESTION: Is China, in the long term, the most challenging foreign policy issue for Japan? What is your assessment of developments in China?

KONO: China's reform and open policy, despite its rather convoluted evolution, has scored great achievements in economic development and improvement of living standards of its people.

With its spectacular economic growth, China is already playing a major economic role in the Asia-Pacific region. Both Japan and China have a large stake and an equally large role to play for the peace and prosperity of the Asia-Pacific. Japan and China need to know each other better towards the 21st century and work together to contribute to the peace and prosperity of the region and, in turn, of the world at large. I believe we can manage that.

QUESTION: Japan is again the world's largest aid donor this year. But there are growing calls from recipient countries for a cut in interest rates on official yen loans, to offset the yen's rise. How does the Japanese Government plan to respond?

KONO: The recent appreciation of the yen has increased the burden of servicing yen loans, and developing countries are facing difficulties. We decided on June 9 to reduce the interest rates for new yen loans by approximately 0.4 per cent on average, to help sustain sound economic development in developing countries.

Japan intends actively to promote improvement of the environment. For this reason we decided to apply special preferential interest rates, which are 0.2 per cent below ordinary interest rates, to environmental projects, and to send a clear message to developing countries about our approach in the environmental sector. Japan will continue to furnish loans with conditions that are appropriate for developing countries to achieve and sustain sound economic development.

QUESTION: What are your hopes for the Apec [Asia-Pacific Economic Cooperation] conference in November?

KONO: Apec aims to advance liberalisation and facilitation of trade and investment as well as economic and technical co-operation for development, so as to ensure the prosperity of the Asia-Pacific region. This will also lay important foundations for the formation of the Asia-Pacific Community which is its ultimate goal.

At the Osaka meeting in November the leaders have to adopt a meaningful "Action Agenda" to implement last year's Bogor Declaration. We as the chair of Apec meetings this year, wish to play a leading role in accomplishing this.

The focus of the "Action Agenda" will be:

Liberalisation and facilitation of trade and investment, and

— Economic and technical co-operation, as in human resources development.

Apec's efforts for trade and investment liberalisation should be directed by the basic thinking that Apec, as the forum of "Open Regionalism," will contribute to global economic liberalisation.

QUESTION: How well do Apec and other regional forums help to solve the region's problems? In what subjects are they making the best and poorest progress, and why?

KONO: On top of rich diversity within the Asia-Pacific region, interdependence is growing stronger and common regional security interests are increasing in recent years. This forms the backdrop for the recent progress in regional co-operation and dialogue. Apec contributes enormously to a deepening of economic interdependence and further economic development in the region.

The immediate task of the Asean Regional Forum (ARF), a dialogue on region-wide political and security issues, is to enhance policy transparency and promote mutual reassurance among the participants. I highly commend that, at the ARF-SOM (Senior Officials Meeting) last May, a number of specific measures were agreed in the field of security co-operation, such as establishing an intersessional Support Group on CBMs (Confidence Building Measures), and submitting national defence policy papers on a voluntary basis.

We would like to build on these agreements at the August ARF Ministerial Meeting to maintain the momentum of the ARF. Also the ARF-SOM in May had an active discussion on the South China Sea and North Korea's nuclear issues. The ARF is important in providing an opportunity for wide-ranging exchanges of views on regional issues, and it should be nurtured with care.

Solution to Trade Disputes With U.S. Discussed

OW0907132895 Tokyo EKONOMISUTO in Japanese 20 Jun 95 pp 62-67

[Article by Masahisa Naito, former director general of the Ministry of International Trade and Industry's (MITI) Industrial Policy Bureau: "A Proposal for Confused Japan-U.S. Trade Friction"]

[FBIS Translated Text] **Respecting the Market Mechanism Is a Global Trend**

There is a worldwide discussion on the propriety of utilizing competitive practices for trade policy, and the method of doing so. For example, the OECD (Organization for Economic Cooperation and Development) has started examining such issues. The United States has been trying to enforce its own law on business activities overseas by the application of antitrust law beyond its boundaries. The "Antitrust Enforcement Guidelines for International Operations," adopted this year after being discussed from many angles since last year, follows the 1992 policy of expanding the subject of regulations to include "foreign business conduct that harms U.S. exports." In other words, while the idea that the United Sates can have jurisdiction over anticompetitive activities that damage the interests of U.S. consumers has been recognized internationally as an "effective theory" to some extent, the recent policy is a great expansion of it.

Along with such an active employment of its own law, the United States enacted the "International Antitrust Enforcement Assistance Act of 1994" last year, and made clear that it can ask other countries to enforce their laws by providing them with information from the U.S. Government. This method of proposing international cooperation on one hand while strengthening unilateral measures on the other seems to parallel its method of materializing policies by heavily using the Super 301, while showing respect for the WTO (World Trade Organization). There is a possibility that the Democrat-run government that seeks to create jobs by expanding exports, and the Republicans who advocate reciprocity while supporting free trade, may take up trade issues, including the Japan-U.S. auto dispute, as an agenda for the first time in the history of presidential elections. In this situation, the United States may extensively and unilaterally use competition policy as an effective means to open foreign markets. Under these circumstances, I had a chance to participate as a panelist in a seminar concerning the "Integration of Competition Policy and Trade Policy" held in the United States in late May. I took this opportunity to organize my thoughts.

Competition policy, in a broad sense, can be regarded as a policy which aims to promote free competition thoroughly, and to make the market mechanism function. In a narrow interpretation, it is a policy which considers antitrust laws and their enforcement. The purpose of competition policy in a narrow sense is to encourage competition between private corporations, and the policy does not have an effect on national enterprises and economic activities that are controlled by laws and regulations. On the other hand, the goal of trade policy is to realize the smooth distribution of goods and service, and to improve the economic welfare of the world as a whole. Therefore, when we think about integrating both policies, the homogeneity of markets has to be secured first by privatizing state-owned companies, adjusting laws and regulations to the same level, and arranging other market conditions, and then we must start thinking from the viewpoint of how we can ensure the efficiency of the economy through competition under such a market.

"Efficiency" Becomes a Slogan

This can be said to be the inevitable course of events in light of changes in the global trend of politics and economics. That is, the market mechanism has become the common economic ideology worldwide since the end of the Cold War, and the market economy is being promoted in many developing countries, not to mention the "markets that are growing fast" — the so-called emerging markets, and even in socialist nations by privatizing national enterprises and aggressively utilizing foreign investment. In most of these countries, those who have studied the "new economic liberalism" — which centers on: 1) Specifying the roles of public and private sectors, and 2) respecting the market mechanism — in the United States and other places make and carry out policies, and because of this, market economy is rapidly taking root worldwide. In the process of development centering on east Asia since 1990, the promotion of the market economy tends to be facilitated in the form of countries in the region competing with each other to arrange market conditions while watching other nation's development conditions. For instance, Indonesia after the cabinet reshuffle in 1993 is a good example. Stimulated by the moves of China, Vietnam, and others to introduce the market economy, the cabinet members and administrative officials in charge started to use the concept of making the market "efficient" as a slogan, and the market mechanism took hold there rapidly. Moreover, this promotion of market economy has an impact on the industrialized countries as well.

As nations in east Asia reach the stage of autonomous development, people have come to generally understand that a thorough promotion of market mechanism on a worldwide scale is also indispensable for the advanced nations of Japan, the United States, and Europe, and to this end, there is a need for adjusting systems and making the level of enforcement the same in the industrialized countries as well.

As mentioned above, competition policy and trade policy, under the common ground of promoting market mechanism based on the unification of the world market, have started to be examined constructively and in line with the global trend, and in a way that the two policies interact with each other. This development is only natural.

Promote Deregulation Thoroughly First

Needless to say, the market mechanism is based on the establishment of rules by the government, and the autonomous activities led by private businesses under such rules. The autonomous development of the so-called "emerging markets" that centers on east Asia accelerates the private sector's free action in which it can go beyond the borders to compare the availability of technology, labor, and resources. This trend has required the framework of systems to converge on a global scale, and indicates that it is no longer possible to maintain a policy within the boarders. Under this situation, if there is a country, or a region that is going to resist the convergence of systems in the world, it will be left alone and will hollow out.

There are a wide range of systems to be adjusted in order to prepare the market conditions: Regulation standards, the unification of standards and certification, the unification of standard specification, the protection of intellectual property rights, the degree of the government's involvement in technological developments, the differences in the standard of consumer protection, and so on. Among these, the level of government regulations is a particularly important factor in determining the degree of freedom of the private sector's economic activities. Let us consider the issue by limiting ourselves to a discussion of Japan. According to a trial calculation by a U.S. think tank, 40 percent of Japan's GDP is affected by some sort of government regulation, while the figure in the United States has declined from 20 percent — the percentage before deregulation was carried out in the 1970's — to 8 percent. If this is true, the convergence of Japan's regulation standards to that of other industrialized nations has to be argued before we discuss competition policy in a narrow sense. Although the Japanese Government plans to deregulate approximately 10 percent of the number of regulations in three years, this, it has to be said, is still not enough. Specifically, for example, the government needs to reduce the number of regulations by half in the first three years, and only after that, organize a certain policy on deregulation, and follow a process similar to that of the United States which has cut its regulations from 20 to 8 percent.

As a concrete measure, taking the behavioral principles of Japan's administrative agencies into account, it is better to first "reduce the number of regulations by half in all ministries without exception" by the directions of the cabinet, just like the "reduction of a bureau in all ministries without exception" which was carried out under the Sato Cabinet, and get rid of excess fat, then express clearly the government's philosophy on deregulation, and promote deregulation selectively. If the necessity of each regulation is discussed from the beginning, it will be impossible to persuade the administrators in charge, and one will end up waiting for a thing which is most unlikely to happen. If each ministry is made to announce its philosophy and principles to reduce the number of regulations by half, it will have to deal with the issue with responsibility. The announcement of ministries' principles and ideas will naturally prompt government's action that is conscious of the people's criticism. It looks nice for an outsider to discuss the philosophy or policy of deregulation first, but this can be regarded as a commentator's treatment from one who is ignorant of the reality of administration.

At any rate, a major reduction in the number of regulations is required to start with. A lot of administrative guidance exercised so far has been secured by the regulations in the end. Even if there is no regulation to directly back administrative guidance, the private sector follows such administrative guidance in the fear that it would be put at a disadvantage in the future by the employment of some other regulations. The very atmosphere of fear from the idea to "take revenge on a person in an unlikely place" unnecessarily strengthens the administration's power. Under the Administrative Procedure Law, administrative guidance is now required to be in writing, but the reality is that even now directives are given orally in the form of hearings, and in this respect, the change of the private sector's consciousness is also an important issue.

It Is Necessary To Make the Antitrust Laws of Japan and the United States Compatible

Let us now discuss competition policy in a narrow sense.

Forty-eight years have already passed since Japan introduced its antimonopoly law after the war, modeled on U.S. legislation. Now, the review of Japan's economic system, which has supported its postwar economic growth, is sought because the system does not fit in with present international competition. And the reexamination of the antimonopoly law is not considered an exception. First of all, reviewing Japan's antimonopoly law in the direction of making it homogeneous with its U.S. counterpart seems to be one possibility. Under the present situation in which judgments and decisions have accumulated, opposition from some in the judicial world is expected, but economic legislation is different from other legal systems since it deals with a living thing, the economy, and it is particularly necessary for the laws to reflect reality, including global trends.

Amending the Japanese antimonopoly law to resemble its U.S. counterpart will bring various benefits. To this end, first, regulations for a cartel, including their enforcement, have to be strengthened. In particular, the exclusion of bid rigging in the service industry, which is not affected by international competition, is needed.

Second, trust regulations have to be relaxed, including the abolition of regulations on holding companies, to the level comparable to its U.S. counterpart. Especially, while "the speed of decision making" becomes the key factor in business as the globalization of companies proceeds, this deregulation is necessary in order to further promote the division of a company, and to compete with Western corporations, by meeting the needs of east Asia. In addition, I think the ban on holding companies has to be lifted in order to ensure a company's generality while utilizing its specialties, and to cope with the expansion in the field of technological developments and with the enormous development funds. Third, unfair trade practices have to be treated as they are done in the United States so that a change in corporate activities can be encouraged. In particular: 1) The use of price policy practice aimed at excluding competitors in the country has to be altered. By this, it is hoped that a corporate behavior that is oriented to earn reasonable profit will take root in Japan. 2) The regulation on discriminative consideration has to be strictly enforced to exclude keiretsu transactions. The practices of ex post facto adjustment and post-pricing peculiar to Japan are expected to be excluded. 3) The regulation on abuse of superior status has to be abolished. Also, exemption laws and regulations, including regulations on giveaways, resale price regulations, and others, have to be eliminated in principle. Moreover, I think the introduction of an incidental suit, and the alteration — in the direction of U.S. law — of criminal and administrative punishment for violations of the law should be considered.

Upon making the contents of such systems similar, their enforcement in Japan must be strengthened as well. In Japan, the Executive Office of the Fair Trade Commission [FTC] is being strengthened in terms of organization and the system. It goes without saying that this move should be facilitated, and at the same time, it seems important to reach a consensus on making the "standards and enforcement" "transparent," and making clear the "accountability" by ending the administrative guidance by the FTC. Also, it would be useful to conclude an "agreement on antitrust law enforcement assistance" with the United States to promote the cooperation between Japan and the United States in enforcing their antitrust laws. If this kind of cooperative approach is taken, there will be no need for such unilateral measures as the application of U.S. antitrust law beyond the boundaries. Such a method is problematic with respect to its effectiveness and information gathering, and not only is it not a fundamental solution to the issue, but it just arouses the other party's antagonism. It is by no means a constructive method. Like the application of Super 301, it is possible the measure would worsen national sentiment for nothing.

Correct Private Business Practices as Well

Besides dealing with government regulations or violations of the antimonopoly law that obstruct competition, the correction of business practices in the private sector should be considered.

Due to the steep appreciation of the yen that is not based on economic fundamentals, the purchase of materials, parts, and products from overseas has increased, and there are signs that the so-called keiretsu transactions is collapsing rapidly. In most cases, companies are now in a situation where their existence will be threatened if they stick to keiretsus. In terms of exports to Japan and direct investment in Japan, however, it is obvious that there are circumstances that make the access of foreign firms difficult because they are late comers. For example, land prices are not much of a burden for those who have owned land from old times, but they are a high hurdle for newcomers. And there is a similar situation regarding the recruitment of talented staff. Therefore, granting an incentive to the late comers for a limited time to offset their disadvantages should be allowed. Following this line of thinking, to tell my experience, I made every effort to introduce a tax system to promote imports, and a new scheme of finance in 1990. Although the import promotion tax system adopted at that time was a potentially powerful measure, it was not necessarily evaluated to the full by the then-U.S. Government. I think the usefulness of this tax system should be reassessed now, including the possibility of changing it, and it should be fully recognized internationally. With regard to direct investment in Japan, I also think taking a similar measure is meaningful.

According to a U.S. report, 60 percent of U.S. exports are carried out through U.S. subsidiaries. And this means direct investment in Japan must be important in encouraging exports to Japan. When Japan claims foreign companies' efforts to penetrate the Japanese market are not sufficient, it should not merely say so, but adopt measures that are fully effective in correcting the disadvantages. This will promote the reduction of the trade surplus and the adjustment of the strong yen, and in the end, will benefit Japan. In terms of the balance at the end of 1994, direct investment in the United States made from all over the world is 445 billion dollars, England $146 billion, and France $130 billion, while direct investment in Japan remains at the low level of $17 billion. This fact clearly shows that a new measure has to be taken with respect to direct investment in Japan.

If the late comer's disadvantages can be corrected in this way, more effective competition will be promoted, and this is expected to have a great impact on changing the existing business practices in the private sector, which may not be violations of the laws but are an obstruction to market access. The Wednesday Group, formed mainly by Republican members of the U.S. Congress, is seeking the promotion of direct investment in Japan, and cooperation with them will be helpful to improve Japan-U.S. relations.

G-7 To Be the Forum for Discussion

The next point is where is the best place to discuss the policy to thoroughly promote the global convergence of such regulation standards. The WTO, the OECD, and the G-7 (Conference of Ministers and Governors of Seven Industrialized Nations) are among the alternatives. First of all, not very much can be expected from the WTO concerning the rule making because a number of developing countries which do not have antitrust laws participate in the organization, and the ground for discussion is not the same. Although the OECD, in order to transform itself into a policymaking institution, has started the discussion to decide on a direct investment promotion agreement since the recent ministerial meeting, basically its main activities are the analysis of the economic entity. Therefore, I think the discussion by the three poles of Japan, the United States, and Europe is the best.

Specifically, this means to give precedence to the talks at the G-7. The reason is because the three poles share common ground as industrialized economic countries: The existence of systems, and the recognition of the need for their convergence. And if a consensus can be reached among the three poles, it becomes easier to persuade other countries in the world. Furthermore, by each of the three poles having an item that the other poles will seek, it becomes possible to avoid the worsening of national sentiment and one-way expression of discontent which often happens, and a problem to arise in areas other than the economy, such as a bad influence on security.

The following is an illustration of what should be done: 1) The United States and Europe seek Japan's deregulation; 2) Japan and the United States ask Europe to join them in coordinating antitrust laws on the assumption that the Japanese antimonopoly law would be made similar to that of the United States; 3) Japan and Europe ask the United States to improve its product liability law; 4) and ask the United States to adopt Japan and Europe's method with regard to the protection of intellectual property rights. If the issues that the three poles have can be settled in this way as a package, a broad, global adjustment of systems will take place without leaving a bad feeling with the people of each nation, and this is why I propose such a method.

Bilateral Talks as the First Step

If increasing the number of such items on the agenda and the number of countries to be involved in the discussion is not possible right now, it may be inevitable to enter into a discussion with the United States with the recognition that these bilateral negotiations are the first step in the process of realizing a tripolar conference: Discuss the issues in the future G-7 meeting, and at a regional conference depending on the situation, and then at the WTO.

In this connection, I think it is good to organize our ideas on what regionalism should be. Regionalism has two aspects. That is, 1) the effect of enclosing (or expanding) trade by lowering or abolishing custom duties within the region, and 2) the effect of adjusting systems while paying attention to the community of economy, society, and culture in the region. With respect to NAFTA (North American Free Trade Agreement), which has the two aspects, there will be many pros and cons about it among the nations outside the region, but with regard to the second effect of regionalism, the countries outside will have no reason to oppose to NAFTA as far as it is open to coordination between different nations.

When we think this way, we can also find a direction for the EAEC (East Asia Economic Caucus) that has invited lots of argument from many different quarters. The reasons the United States is against the EAEC are: 1) That it is a racist organization excluding Caucasians, and 2) that the content of its activities is not clear. Speaking of (1), U.S. officials will not know what to answer when they are questioned closely about whether "the EEC (European Economic Community) has Mongoloids," and whether "NAFTA includes Mongoloids." As it is often said, Australia and New Zealand's participation in the EAEC will answer the first question more clearly. However, in terms of the economy, it is more important to reply to the second question. If the character of the EAEC is defined as a regional conference that is founded on the second effect of regionalism mentioned above, the United States will have no reason to oppose to it. If the discussion concerning the EAEC falls into an emotional one like "Are you going to choose the United States or Asia?" without defining its significance and its role it will be completely fruitless.

Now let us return to the discussion of the character of bilateral talks on the system.

We should note that all topics to be discussed under this forum: 1) Should be structural issues that lie in between the problems of macroeconomics and microeconomics. In that sense, the previous Structural Impediments Initiative [SSI] talks was a better scheme than the existing Japan-U.S. framework trade talks; 2) should meet the principle of "within the government's reach;" 3) the coordination of the issue is unavoidable in light of the trend of Asian emerging markets, and will benefit both Japan and the United States; and, 4) the agreed items should be intended for diffusion to a third country and the world.

The concerned officials of Japanese and U.S. Governments have to clearly recognize that the role of the bilateral talks on the system is to resolve structural and policy issues from the standpoint of how to make market mechanism function, and its role is not the governments' involvement in a purely private sector activity like deciding on a purchase plan for auto parts. When a particular problem remains, a dispute settlement mechanism like the one jointly proposed by Senator Bradley and former Deputy Undersecretary Greenwald at the beginning of last year can be established, and the issue can be settled in a concrete and plausible way. A wisdom to ease the tension in such a special issue is also considered to be necessary.

A number of people have been repeatedly expressing their support for Bradley's and Greenwald's idea. The principle of their plan is to set up a dispute settlement mechanism that includes a third party, like that between the United States and Canada, or the United States and Israel, and try to solve specific issues. The rule to be applied is basically multilateral principles, and for what cannot be covered by that, objective criteria will be decided under the agreement between the countries. So it can be said that there is some overlap between it and the rule adjustment of the SSI.

Leadership by the Leaders Needed

What I feel strongly about through the discussion in the United States is that the judicial officials that are in charge of law enforcement think the international coordination of competition policy or its integration with trade policy is a long way off because the rules to be set should be discussed at full length. On the other hand, the trade-policy makers are seeking the linkage of the two policies, considering that every possible means, including competition policy, have to be taken immediately since there is an economic power (specifically they have Japan in mind) whose domestic economic system is different from any other in the world. The issue should be handled by taking into consideration this kind of difference between the parties concerned. However, the differences that can be seen between the people concerned are not just a phenomenon of the United States, but a common situation in the world including Japan. If a new rule is to be made under these circumstances, the leaders have to take the initiative in the form of top-down, not bottom-up.

In sum, a great contribution to the economic development of the world will be made if the people concerned concentrate their wisdom on how the world market can be made to function effectively, believing that will bring a profit.

MITI, EU To Challenge U.S. in Biotechnology

OW0807010395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Jul 95 Morning Edition p 3

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] plans to set up a working group specializing in formulating biotechnology policies in a bid to expand and strengthen cooperative ties with the EU in the field of biotechnology. MITI's strategy is to use strengthened ties with the EU as a springboard to challenge the United States, which leads in this field.

The new working group to be set up will be called the "Biotechnology Policy Working Group." In Japan, MITI will handle the matters, while in the EU, the Industrial Affairs Bureau [Sangyo Sokyoku] will be in charge. Broad coverage will be made of policy issues related to biotechnology and biotech industries. If specific topics should emerge over which Japan and the EU can cooperate, "matters will be worked out at that point," (according to a MITI official).

Practical application of biotechnology has only recently begun, excluding the case of interferon and other products. In the area of basic research, the United States is in the lead with technological development, patents that have been approved, and other matters, while the Japanese Government and Japanese firms have lagged behind.

Although the purpose of setting up the working group is to facilitate information exchange between Japan and the EU, it is possible that in the future, this may develop into cooperation in carrying out basic research which requires huge funding. It has been determined that should progress be made in joint research and cross-licensing, "considerable cost reduction can be expected," (according to the MITI official).

Although an information policy working group has been set up between Japan and the EU, this will be the first case in which Japan and the EU will set up a working group in the field of biotechnology.

APEC Endorses Tokyo's Intra-Group Plan

OW0707144795 Tokyo KYODO in English 1437 GMT 7 Jul 95

[By Keiji Urakami]

[FBIS Transcribed Text] Sapporo, July 7 KYODO — Members of the Asia-Pacific Economic Cooperation (APEC) forum on Friday [7 July] threw support behind a Japanese proposal for a new mechanism meant to expand intra-APEC economic cooperation, APEC officials said.

The revised version of the Partners For Progress (PFP) program was endorsed on the final day of a meeting of APEC senior officials that began in this northern Japan city, the officials said.

Federico Macaranas, the head of the Philippine delegation, said the PFP is designed to help APEC's economic cooperation projects "move from the moment that they are conceptualized to the moment they are implemented."

Sandra Kristoff, U.S. ambassador for APEC affairs, said she supports the new proposal as contributing to the Bogor Declaration's two major goals — trade and investment liberalization and facilitation.

Japan first floated the PFP concept in last November's Indonesian APEC session but that met a barrage of criticism from other members.

They claimed there are no distinct differences between the program and conventional aid mechanisms like the Official Development Assistance (ODA) program.

"The scheme is too vague to be fully understood," some APEC delegates said, when Japan formally introduced the idea in the previous high-level APEC meeting in Fukuoka in February.

The PFP is designed to help achieve the APEC goal of freeing trade and investment in the Pacific Rim region by 2020, by reinforcing the overall economic foundation of developing countries, rather than by pushing for tangible trade liberalization measures such as tariff cuts.

The scheme specifically calls for APEC to set up a center to coordinate projects that would enable developed and less developed members to pool financial, human, natural and administrative resources to enhance mutual cooperation in the area.

Japanese officials did not reveal which part of the original scheme was revised in the new proposal, except to say there was an organizational change.

But the proposal was "better defined," said Macaranas, adding the scale of the proposed center was smaller.

Friday's discussion also covered whether or not to lift a freeze in new membership of APEC, Japanese officials said.

In the 1993 APEC meeting in Seattle, APEC ministers decided to suspend new membership of APEC for three years.

Some APEC officials sought an extended freeze beyond 1996 but no consensus was reached during the Sapporo session, the officials said.

Friday's high-level meeting was part of the originally scheduled three-day session from Thursday through Saturday. But the final Saturday session was canceled due to technical reasons.

The latest meeting followed a special high-level session of APEC on Tuesday and Wednesday, which touched on APEC's more controversial issues of how to liberalize and facilitate trade and investment in the booming Pacific Rim by the target year of 2020.

Toward the third informal meeting of APEC leaders in Osaka on Nov. 19, two more special high-level sessions will be held — one in Hong Kong in September and the other in Tokyo in October.

A regular high-level meeting will take place only in Tokyo in October.

Tokyo Sending Special Envoys To APEC Nations

OW0807144895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Jul 95 Morning Edition p 5

[FBIS Translated Text] As part of its efforts to prepare for a summit meeting of the Asia-Pacific Economic Cooperation (APEC) forum to be held in Osaka in November, the government has firmed up a plan to send former cabinet ministers as the government's special envoys to APEC member nations in late July. The government will make a formal decision on the plan next week. The former ministers will be sent to APEC member nations to coordinate opinions at a political level with the APEC member nations on problems involving holding the APEC summit meeting that working-level talks have yet to resolve. This is the primary purpose of sending them to the APEC member nations.

Prior to dispatching the former ministers, Prime Minister Murayama will send heads of the APEC member nations personal letters saying that "Japan intends to deal with the APEC at a political level in the future."

Details of the qualification and status for the government's envoys will be worked out in the future. The government hopes that "its envoys will brief the APEC member nations on Japan's position separate from the working-level talks," (says a senior official at the Ministry of International Trade and Industry). It is highly likely the government will not name former bureaucrats, but rather incumbent ministers or former ministers of international trade and industry, as its special envoys.

Ryutaro Hashimoto, international trade and industry minister, has shown a willingness to travel to several APEC member nations as a special envoy of the government. It is highly likely that Minister Hashimoto and a few special envoys will travel to the APEC member nations. The Foreign Ministry and the Ministry of International Trade and Industry plan to choose the special envoys from among former cabinet ministers after the upper house election.

The special envoys will exchange and coordinate views with the APEC member nations on problems involving holding the APEC summit meeting that the working-level talks have yet to resolve. This is the primary purpose of sending them to the APEC member nations. Minister Hashimoto has said, "As a nation hosting the APEC summit meeting, Japan should not only work to give shape to the Bogor Declaration issued last year by the APEC summit meeting, but also explore the possibility of setting a new direction for the APEC to move in the future while taking into account the diversity of Asia." By sending the special envoys, the government plans to feel out other APEC member nations' positions on a new proposal that Japan is studying now.

Manila, Tokyo Pledge To Cooperate on APEC

OW1007064495 Tokyo KYODO in English 0548 GMT 10 Jul 95

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Japan and the Philippines agreed Monday [10 July] to work closely on the November meeting in Osaka of the Asia-Pacific Economic Cooperation (APEC) forum, a Foreign Ministry official said.

Japanese Foreign Minister Yohei Kono and Philippine Foreign Secretary Domingo Siazon agreed that Japan, which chairs this year's APEC, and the next chair, the Philippines, should cooperate in compiling and implementing an action plan to liberalize trade and investment in the Asia-Pacific the official said.

During an hourlong meeting at the Foreign Ministry, Kono pledged Japan's strong determination to compile a meaningful action plan to implement the Bogor declaration, which the APEC members adopted last year to work toward free and open trade and investment in the region.

Kono said that although progress was made at a meeting of APEC senior officials last week in Sapporo on liberalizing trade ad investment, there are still problems that must be ironed out.

Kono also was quoted as saying Japan considers it important to promote its proposal for "partner for progress" aimed at expanding intra-APEC economic cooperation.

Siazon, who arrived in Japan on Saturday, told Kono he has heard that satisfactory progress has been made at the APEC senior officials' meeting in Sapporo and that Japan was able to win other countries' understanding on its proposal, the official said.

Siazon told Kono the Philippines cannot approve of nuclear tests by China and France when the international community just agreed to extend the nuclear Nonproliferation Treaty indefinitely.

Concerning the ASEAN regional forum (ARF), which held its first meeting last year, Kono said it is important to hold substantial discussions this year and that Japan in particular wants to confirm with other members that the ARF should be nurtured as an important forum for regional cooperation on security in the Asia-Pacific.

Japan also hopes to hold specific discussions on confidence-building among the ARF members, and discuss problems in the South China Sea and in northeast Asia, Kono was quoted as telling Siazon.

Siazon asked Kono to stop by in the Philippines after attending this year's ASEAN foreign ministers meeting in Brunei later this month, the official said.

Siazon, who served as the Philippines' ambassador to Japan for two years before assuming the position as Foreign Secretary in May, will visit Osaka in western Japan before leaving Japan on July 17.

Seminars Planned To Foster APEC Businesses

OW0807000295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 6 Jul 95 Morning Edition p 5

[FBIS Translated Text] The Japanese Government has decided to hold seminars and training programs to back up its policies to promote small businesses in the Asia-Pacific Economic Cooperation (APEC) member nations and territories. As part of the plan, the Ministry of International Trade and Industry [MITI] will hold an "APEC leadership seminar for fostering small enterprises," in October and the Japan External Trade Organization (Jetro) and the Small Business Development Corporation will engage in various activities, including one inviting 100 people in charge of fostering small businesses, to Japan in two years, 1995-1996, to foster small businesses in the APEC nations and territories.

The MITI seminar will be held in Osaka City on 2-13 October, in which two courses are planned to be set up. One will be a "policymakers' course" for those who make plans on small business policies, and another will be a "leadership course," to instruct executives of organizations giving management training to small enterprises.

MITI in 'Quandary' Over EAEC Invitation

OW0907082995 Tokyo KYODO in English 0712 GMT 9 Jul 95

[FBIS Transcribed Text] Singapore, July 9 KYODO — The Association of Southeast Asian Nations (ASEAN) has extended an invitation to Japan to attend a proposed informal meeting of economic ministers from 10 East Asian countries in Brunei in September, Japanese and ASEAN official sources said Sunday [9 July].

Japan's Ministry of International Trade and Industry (MITI) is in a quandary over the invitation, which was handed to the Japanese Government last month, because the 10 countries are generally seen as potential members of the East Asia Economic Caucus (EAEC), which is opposed by the United States.

MITI, which has always politely resisted the EAEC idea, will find it hard to turn down the invitation by using the excuse that Australia and New Zealand are not included, as it did in April when it rejected ASEAN's plan for a meeting of nine East Asian countries at the Thai beach resort of Phuket.

ASEAN had been forced to cancel the earlier meeting after Japan, which ASEAN regards as a key potential member of the EAEC, refused to attend.

This time it is more complicated for Japan to avoid the meeting, expected to be held Sept. 10, because its trade minister, Ryutaro Hashimoto, has already decided to go to Brunei for the annual ministerial meeting of ASEAN and Japan in early September, during which ASEAN plans to hold the meeting of the 10 East Asian countries.

Another reason is that although Australia and New Zealand are excluded from the meeting, their economic ministers will be present in Brunei at the time to attend a meeting between ASEAN and the Closer Economic Relations (CER) grouping, which comprises Australia and New Zealand, as well as a meeting between ASEAN, the CER and Japan.

The invitation was handed to the Japanese Government at the end of last month by a senior government official from Brunei, the current APEC chair. The official was in Tokyo to attend a seminar on the ASEAN Free Trade Area (AFTA) on June 30.

According to ASEAN's schedule, on Sept. 9 a meeting of the economic ministers of ASEAN, Japan and the CER will be held, while on Sept. 10, ASEAN economic ministers are scheduled to meet their counterparts from the CER.

Although Hashimoto has been invited to Brunei primarily to attend the ASEAN-Japan meeting, South Korea and China are being invited to the oil-rich Sultanate only for the meeting of the 10 East Asian countries — a move which Japan fears might be seen by Washington as a veiled attempt to launch an EAEC meeting.

But Japanese Foreign Ministry officials have expressed concern that Japan's relations with the ASEAN countries might be adversely affected if Hashimoto turns down ASEAN's invitation again.

In contrast to the predicament faced by Hashimoto, Japanese Foreign Minister Yohei Kono is less worried about attending a second informal meeting of foreign ministers from the 10 East Asian countries, which ASEAN plans to hold in Brunei in conjunction with the second meeting of the ASEAN Regional Forum (ARF) in early August.

Last year, Kono attended the first meeting in Bangkok, Thailand, which had been dubbed as an "EAEC luncheon" by the media.

But this meeting, involving foreign ministers, is less controversial due to the fact that the foreign ministers of Japan, China and South Korea will be in Brunei primarily to attend the ARF meeting.

ASEAN proposed the EAEC — originally the idea of Malaysian Prime Minister Mahathir Mohamed — as a consultative forum for East Asia's dynamic economies.

But the U.S. has been critical of the forum, saying that the EAEC would hinder the progress of APEC, which Washington is trying to institutionalize.

PRC Envoy on Trade Liberalization in APEC

OW1007062095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Jul 95 Morning Edition p 3

[FBIS Translated Text] Wang Yusheng, special envoy for Asia-Pacific Economic Cooperation (APEC) affairs from the Chinese Foreign Ministry, granted an interview to NIHON KEIZAI SHIMBUN in Sapporo. He is visiting Japan to participate in the working-level meeting among senior officials of APEC member nations.

Touching on the liberalization and facilitation of trade and investment in APEC, he indicated China's positive stand, saying: "Since promotion of trade liberalization is important for China, we would like to implement what we can as soon as possible."

Concerning the implementation of collective action to set common rules for liberalization in specific fields, he said: "China will not oppose to any consensus on collective action that member nations reach." However, he pointed out that: "What is needed to promote trade liberalization in the APEC region smoothly is not to make efforts to expand collective action from the beginning (as the United States advocates) but to make voluntary efforts to implement individual actions of what each member nation and territory can do, and to fall into step based on that."

In addition, he said: "On frontloading implementation of the Uruguay Round accord, it should be understood that China has no obligation to implement the accord (until it participates in the World Trade Organization)."

Murayama Comments on Consumption Tax Hike

OW0807091795 Tokyo KYODO in English 0905 GMT 8 Jul 95

[FBIS Transcribed Text] Maebashi, Japan, July 8 KYODO — Prime Minister Tomiichi Murayama appealed to the public Saturday [8 July] for understanding of a planned increase of the 3 percent consumption tax to 5 percent in 1997, describing it as a measure vital to finance swelling welfare spending.

Murayama, on a stumping tour in Maebashi, Gunma Prefecture, 100 kilometers northwest of Tokyo, acknowledged that his Social Democratic Party (SDP) [of Japan, SDPJ] opposed the tax, introduced in 1989, when it was the main opposition party.

"We'd like to accept criticism of the party's decision (as a member of the tripartite ruling coalition) to raise the tax," he told a street audience as he continued campaigning for the July 23 House of Councillors election.

"We assure you we'll try to establish politics requiring less money," he said. "But we face an aging society and welfare is going to be costly. We'd like the people to share the burden equally."

The coalition government decided on the consumption tax hike as part of a tax reform package late last year.

Toyota Supplier Views Auto Parts Industry

OW0807080895 Tokyo KYODO in English 0719 GMT 8 Jul 95

[FBIS Transcribed Text] Nagoya, July 8 KYODO — Only 10 percent of small auto-parts makers in Japan can survive if domestic car production continues "hollowing out" at the current pace, the head of a parts supplier to Toyota Motor Corp. said Saturday [8 July].

Following is an interview by KYODO NEWS SERVICE with Masahiko Umemura, chairman of Futaba Industrial Co., one of the 150-member Tokai Kyoho Kai suppliers' group to Toyota:

— How do you assess Toyota's plan to boost overseas production that was announced in line with the Japan-U.S. auto trade talks?

"The plan itself is not particularly new to us. I'm glad the talks were wound up (successfully) with the plan at that level. The plan did boost, however, the level of tension throughout the parts industry because it provides such detailed figures all at once for production in various parts of the world."

— Toyota says it can maintain domestic production because it expects domestic sales will pick up.

"It is an ideal theory. In reality, I think it is difficult. Business will certainly decline."

— What do you think about a prediction by some people that parts suppliers will get into an era of great competition in which they will have to work beyond the boundaries of "keiretsu" business groups?

"Business beyond keiretsu has already begun. The situation is, however, that suppliers are to compete for a shrinking pie from now on. The competition is hard and it requires a lot of power to survive. As for my company, I personally wonder if we can get sufficient reward even if we win the competition."

— Do you think suppliers can maintain employment?

"Of 110 parts makers with which my company has business contracts — those are the so-called secondary subcontract suppliers of Toyota — I believe only about 10 percent of the firms have strong enough technological background to survive competition."

"Even now, my company helps many of the other weaker companies maintain employment. I think we all want to maintain jobs as much and long as possible."

— What are your measures to survive?

"Our new factory in the United States is expected to start operation in November. I believe Futaba's technology is high enough to expand its business into various fields outside the automotive field."

"For example, we can make gears for cars to tow boats. Demand for such equipment may be small in Japan but it is strong in the U.S. We will explore possible fields and increase exports of new products, then I believe we can maintain jobs at my company."

NTT President Opposes Split of Company

OW0807063495 Tokyo KYODO in English 0505 GMT 8 Jul 95

[FBIS Transcribed Text] Tokyo, July 8 KYODO — Masashi Kojima, president of Nippon Telegraph and Telephone Corp. (NTT), has said he is against the long-debated idea of splitting up the telecommunications company.

"A split will hurt our global competitiveness and leave Japan lagging behind in the telecommunications industry," he said in an interview with KYODO NEWS SERVICE.

"Discussions should not be based on the presumption that the firm should be split up. Instead, talks should at first focus on what sort of telecommunications industry the country wants to have in the future. When that becomes clear, then we will know what to do with NTT."

Talks began in April at the Telecommunications Council, an advisory body to the telecom minister, on whether to break up the company. One plan is to divide it into an operator of long-distance services and several regional firms offering intercity services.

Kojima said amid the domestic economic slump, there are hopes that the telecommunications industry will become a new pillar of industrial growth.

"In that respect, technological development is very important. NTT has a huge system for technology and development that ranges from the basics to application," he said, adding that a split up would undermine this strength.

Asked about criticism of NTT's monopolistic nature, Kojima said the company will try to rectify any bad points. Complaints about the high fees for telephone lines and the lengthy time taken for another telecommunications company to negotiate an intersection with NTT's lines have prompted the discussions on a split.

"There certainly have been various problems in the past. However we will be making the rules clear from now on. The intracity line facilities belong to NTT but from the viewpoint of usage, they are a public asset," he said.

On the future, Kojima said his company will pursue its overseas operations in countries such as Indonesia and China.

"We are quite serious about our overseas business. With the networks becoming open, the telephone business is getting ever smaller, and the profitable areas are now in overseas business and in the multimedia-related sector," he said.

Kojima expressed concern about Japan's economy, saying under such circumstances, his company's strong performance does not personally please him. NTT is seen posting a pretax profit of 320 billion yen in fiscal 1995 ending next March, 2.2 times more than in the preceding year, becoming the most profitable company in the country.

"It just means that the other companies did badly because of the weak economy. Even if NTT becomes No. 1, it is no way any good news for the Japanese economy as a whole," he said.

Minister on Aum Case, Political Situation

OW0907142495 Tokyo BUNGEI SHUNJU in Japanese Jul 95 pp 124-130

[Interview with Hiromu Nonaka, minister of home affairs and chairman of the National Public Safety Commission, by an unidentified BUNGEI SHUNJU reporter; place and date not given]

[FBIS Translated Text] [BUNGEI SHUNJU] There was a period of nearly two months between the 20 March subway sarin incident and the arrest of Aum guru Shoko Asahara. During that period, there were other incidents, such as the shooting of National Police Agency Commissioner General Takaji Kunimatsu, that came one after the other. How did you feel during those two months as you viewed developments from the vantage point of chairman of the National Public Safety Commission?

[Nonaka] More than anything, it was the whole idea of sarin, a gas which has no earthly use outside killing human beings in large numbers, actually being used in our country of Japan; that was the worst shock. Someone had used this gas — a gas which was never even used by its original creators and manufacturers, the German Nazis — to take the priceless lives of innocent bystanders in our own peaceful land of Japan.

It was an act of sadistic and indiscriminate terrorism without precedent in Japanese criminal history, and in its wake, our reactions were driven by the gravity of the situation. Considering the possibility that the cult had produced the sarin, we dispatched a crime investigation team of unprecedented scale, 2500 men, to the cult facilities in Kamikuishiki village on 22 March.

Even as the investigation against the Aum cult proceeded, the iconoclastic nature of the cult itself was incessantly introduced, primarily on TV variety talk shows. In direct contrast, the police were caught in the dilemma of being unable to issue releases of accurate information to the public, and I was painfully aware how harsh public opinion was regarding this situation. The prime minister repeatedly issued directives for us to quickly solve the case, arrest the culprit(s), and prevent any other incidents. The prime minister well understood that the police investigation had to proceed in a methodical manner, and at times, he also gave us words of encouragement. It was my impression that he was imbued with a strong determination that no such act of indiscriminate terrorism should be allowed to take place again.

During the past two months, which included May's "Golden Week" holidays, police investigators and officers throughout the nation have driven themselves to the limit, working on the investigation despite adverse conditions. During the holiday season, they maintained full alert status, with of several tens-of-thousands additional officers being mobilized in addition to those already on regular duty. What this means is that the police have had absolutely no time off, and I for one, am humbled by their efforts.

In such times, the police forces maintained a steady, thorough investigative effort in the face of harsh public criticism. In the midst of that process, Commissioner General Kunimatsu, the head of the national police organization, was shot, as if in mockery of the police investigation. This was followed in rapid succession by a series of incidents such as the noxious fumes incident in Yokohama and the hydrocyanic gas incident in Shinjuku, seemingly, as if in further challenge to the police.

Nonetheless, the police persistence finally led to the arrest of the guru Asahara on 16 May, and established a firm foothold in the complete resolution of the subway sarin case. This came as nothing other than the fruit of the relentless and methodical work of each and every police officer. It was the result of two strong motivations joined into one: The vexation from the shooting of the head of security; and the determination that the case had to be solved for the honor of the police force.

[BUNGEI SHUNJU] When the shocking shooting of Commissioner General Kunimatsu occurred, did you have to take direct command of the situation as the chairman of the National Public Safety Commission?

[Nonaka] No, that was not the case. The National Public Safety Commission is comprised of knowledgeable and experienced people. I told these councillors that we must not quail in the face of the shooting of the commissioner general of the National Police Agency. I also told them that, as the prime minister had indicated, ours was the crucial task of solving the case and preventing it from ever recurring. The situation was still developing, and I felt that the fate of the nation hung on the outcome of this case.

I believe that the fact the minister of state, essentially a political figure, also holds the position of the chairman of the National Public Safety Commission indicates that at times, political decisions and judgments are necessary. Thus, I told the commission beforehand that I might deviate from my official duties and make political statements; and should I do so, I hoped for their forgiveness. It may have been different from the traditional way of doing things. In that sense, I do have some regrets.

Letter of Resignation Prepared on the Eve of the Alert Status Investigation [BUNGEI SHUNJU] Were you thinking about taking the responsibility in the event of something untoward happening?

[Nonaka] Of course, yes. It was the day after the subway sarin incident, when I heard from Commissioner General Kunimatsu that "We are initiating an alert status in the investigation with 2500 men. We will simultaneously conduct a series of searches at 25 cult facilities nationwide." There was the fact that the cult had purchased unusual quantities of chemical substances that were put into place at cult facilities completely isolated from the outside world. No one knew what was waiting for us inside. We borrowed air purification masks and protective clothing from the Self-Defense Forces; the men on the task force who had never before been given toxic gas training nor investigations practiced wearing the gear, and headed for the sites.

It was all a new experience for the police in Japan, and I had no idea about what might happen. Would some unforeseen problem arise, would large numbers of our police officers or area residents become victims? What would happen if these people, who had become fanatical believers, responded to the police-directed investigation by releasing sarin gas? In any such situation, the only choice is for a politician to take the final responsibility.

This is what I was thinking as I prepared my letters of resignation for the posts of Minister of State and chairman of the National Public Safety Commission on the night of 21 March.

[BUNGEI SHUNJU] But nothing unforeseen ever occurred, so those letters of resignation were never submitted.

[Nonaka] That is right. However, I actually wrote resignations on one other occasion. That was on the eve of the arrest of Asahara on 16 May. On 15 May, when the arrest warrant was issued, it was decided that the investigation would go into alert status early the next morning.

It was possible, as has been seen in examples of cults in other nations, that the cult members commit mass suicide through self-immolation when faced with the arrest of their guru. Would the innocent young children not be the victims of such a mass suicide? Or what if the police investigation teams or local populations were harmed? I felt I had to take the responsibility for any such situation into my hands should such things occur.

As it turned out, those letters of resignation were also never submitted. But a political leader must always be ready to take full responsibility. Should something like a mass suicide have taken place, there was the danger that public sympathy would swing in favor of the religious group. At such a point, we have to quickly and clearly define who is responsible, or such public opinion shifts can cause society to lose sight of the most important thing, which is to resolve the case.

[BUNGEI SHUNJU] Have you met with Commissioner General Kunimatsu since the incident?

[Nonaka] Yes. I visited him twice. He is recovering nicely and the hospital may be able to discharge him sometime in June. We should count our blessings, he is one lucky fellow: Commissioner General Kunimatsu narrowly escaped death despite being shot in the middle of a massive investigation. This was truly fortunate. The commissioner general himself said from his bed, "This is not about me, an individual named Kunimatsu. This is about the heavens saving the Japanese police through saving Kunimatsu." He took personal command from his hospital bed, which was a significant factor in motivating the investigators.

The Murayama Administration and Sarin

[BUNGEI SHUNJU] There has been heavy coverage of the close relations between Aum and foreign countries such as Russia and North Korea, as well as its ties to gangs. We still do not have the whole picture yet. In order to clear the anxiety of the citizens, as well as for other reasons, the hidden side of Aum ought to be revealed.

[Nonaka] Of course. At this point, we have surmounted but one peak with the arrest of guru Asahara. There are still vast areas where further investigation is required. I cannot speak freely until everything is out in the open, but the police are conducting their investigation with a strong determination to thoroughly uncover everything. I firmly believe that in the near future, there will come a time when the complete picture can be exposed.

Also, what was this religious group thinking? Why did these bright young people flock to such a cult and make fanatical acts? The task of solving all these questions, in addition to the sarin case, does not lie with the police alone. In that sense, it was good that the entire cabinet, not just the police, was able to get together to work on this issue.

[BUNGEI SHUNJU] The sarin incident took place in Matsumoto in June of last year, and three days later, the Murayama administration was born. At what point was the possibility of a link between Aum and the sarin recognized?

[Nonaka] I probably should not answer that now. Not in my current position. Furthermore, what takes place in the front lines of an investigation should not be micromanaged, nor is it our place to question such matters. The prime minister and I have taken that to heart as we watched the progress of the investigation since 20 March.

Just about every Monday and Friday, the heads of the Criminal Investigation Bureau and the Security Bureau would present a joint progress report to the prime minister. Even at such times, the prime minister well understood the senior investigating officers' dilemma of not being able to give certain detailed information on the investigation. He was always insistent that we do all we could to apprehend the culprit(s) and prevent any reoccurrence of similar incidents. In that sense, I feel that the leadership of the prime minister was of great value to the conduct of the investigation of this case, in areas not known to the public.

I think that, faced with mounting public concern, the senior investigating officers suffered greatly in not being able to reveal the hidden truths of the investigation.

[BUNGEI SHUNJU] This year saw the Great Hanshin-Awaji Earthquake, and there has been much discussion over the necessity of crisis management. In point of fact, 50 years have elapsed since the end of the war. Were the seams coming undone at various points at the administrative level?

[Nonaka] Well, there certainly was heavy criticism over the lack of crisis management shown by the prime minister's office in response to the Great Hanshin-Awaji Earthquake. But who in Tokyo could have guessed the extent of the devastation so soon after the earthquake itself? At the time I briefed on the damage in the cabinet meeting held at 10:00 A.M. on the day of the earthquake, the reports noted 20 dead, and over 200 injured. We could not even begin to imagine at that point that the death toll would eventually rise to over 5,000.

But later, all the criticism seemed to indicate that it was completely the responsibility of the prime minister's office. I certainly believe the situation was regrettable, and we do need to take another look at ourselves. But it is also a fact that we have functioned for the past 50 years with the information systems and tasking structures that we have built up.

I feel very badly for those harmed and injured victims of the Great Hanshin-Awaji Earthquake, but I also believe that it is beneficial that we were made aware of the need for reviewing crisis management and the emergency response systems of our nation. I believe that the lessons learned from the earthquake worked effectively in the current sarin case.

[BUNGEI SHUNJU] The early criticism of the police investigation into the Aum cult was that arrests were being made for petty offenses and on unrelated charges.

[Nonaka] Yes. But it is a fact that Aum was a closed, iconoclastic grouping in the guise of a religious corporation. It is also a fact that there were no laws that controlled sarin. We immediately asked the Diet and had a sarin law passed.

In that type of emergency situation, we had to make arrests on every possible pretext. If criticisms arise, it is our job — we politicians — to bear the heat. I told the police to please execute a thorough investigation based on that resolution.

To this day, I am confident that the police force made each arrest in accordance with the law, verifying every case.

"Occupy Japan in Mid-November"

[BUNGEI SHUNJU] Before the charge of homicide was levied in the Tokyo subway sarin attacks, it was reported that the charge of insurrection or the Anti-Subversive Activities Act would be applied to this case.

[Nonaka] As I noted in the news conference, although this was all happening in real life, there were times it looked like scenes from a movie in which a war between two nations was taking place. The newspaper headlines would announce "Home Affairs Minister Arrested". As the home affairs minister of Japan, I wished that, at least, the papers could have phrased it "Aum Home Affairs Minister."

On the other hand, in their own minds, they really did believe they constituted their own separate nation. And even now if you listen to the true believers talk, they seriously believe that with support from allied nations, Aum would replace the regular Army and occupy Japan in November. They genuinely believe that Aum would set up a nation of calm and order.

I believe the whole incident held great import for Japan. What if they had continued to manufacture not only sarin, but biological weapons, guns, etc., and no police action was initiated until the time for their so-called "mid-November occupation of Japan?" I shudder at the thought of how close they came to the completion of these weapons to injure or kill tens of millions of people. Although there are things yet unsolved and we certainly need to review these points, we are now past the most difficult part.

In this light, we were extremely fortunate to have initiated the investigation alert as early as March. In the kidnapping of Meguro notary public Mr. Kariya, fingerprints of the suspected kidnapper, Takeshi Matsumoto, were detected and this confirmed Aum involvement. This made a significant difference in that the confirmation allowed the substantial forces of the Tokyo Metropolitan Police Department to take part in the investigation. Of course, the prefectural police headquarters of both Yamanashi and Nagano worked very well. But the fact that the Tokyo Metropolitan Police Department, a major force with complete capabilities, led others helped bring about an early solution to this matter.

[BUNGEI SHUNJU] What is your view of the guru Asahara, the ringleader of these dreadful crime?

[Nonaka] Based on what has been reported in the media since his arrest, I find it impossible to believe that he ever developed any sort of religious sentiment or led an ascetic life. He is quite worldly, and I get the impression that he was more of an imposter than I even imagined.

[BUNGEI SHUNJU] Nonetheless, numerous followers with advanced education were drawn to such an individual. There has been some criticism that this reflects the strains of the education system of postwar Japan and the lack of values in the system.

[Nonaka] Fifty years ago, under American occupation policy in a nation in the throes of defeat, the structures of a mature democracy were imposed without changes onto our nation. Typical examples would include the education system and the ways of incorporating religious bodies. Squeezing mature ideologies into Japan's immature body resulted in distortions, which are now surfacing some 50 years later. I think to properly mark the passage point of the 50th year after the war, we have to consider how to best manage this nation in the future.

Therefore, a full accounting of the whole picture of Aum affairs will play a vital role in giving us a better vantage point to view where we stand 50 years after the war. Likewise, we must reconsider the Great Hanshin-Awaji Earthquake, not as an accidental occurrence, but as one in terms of these 50 years of postwar period, even though it was a natural disaster. I think it is time to institute a general review on everything in the postwar period.

[BUNGEI SHUNJU] How do you evaluate the Murayama administration, of which you are a part?

[Nonaka] In one sense, Mr. Murayama is not the type of person who assumes a commanding role. He may be criticized for a lack of leadership or that he fails to assert himself. But I do not consider that valid. I think that he best demonstrates his abilities when, as in this affair, we have to act in concert as one cabinet. He is the best prime minister I have ever seen in terms of an excellent harmonizing influence.

Mr. Murayama, who has never before had cabinet experience, now patiently sits in the prime minister's seat, telling himself that it is destiny. Not asserting himself, but drawing out and directing each cabinet member's abilities, he unites the cabinet in the end. Watching the prime minister acting so, we cannot help but cooperate with him to the best of our abilities. That is how we have felt for the year.

[BUNGEI SHUNJU] The remarks made by Yoshiro Mori, secretary general of the Liberal Democratic Party [LDP], in a lecture that Prime Minister Murayama expressed his impression that he was feeling the administration's limitations caused a lot of fuss.

[Nonaka] Those remarks had me stumped. Those were comments no person with a sense of responsibility would make at a time when the government led by the prime minister was working on dealing with the disaster of the earthquake and with the Aum affair. There were times I was unable to sleep for thinking of the problems. Not only the sarin affair, there was a pile of problems such as the earthquake and the resolution denouncing the war. Even a prime minister can complain that he would like to be released from the demands of his duties.

However, it is preposterous to reveal complaints uttered in the environs of a private circle to the world at large. Just how does he see the crises this nation now faces? I made the comment, "Such remarks are not worthy of a responsible statesman" at the risk of my political career.

Secretary General Mori leaked beforehand to the media the day before the lecture his plans to make the remark. That is, he did that based on his own conviction, so we decided to confront him head-on. I heard that there was some criticism directed at me in the LDP senior executives' meeting. I told them to call me in that case, but they have not.

No Turning Back to the Old LDP

[BUNGEI SHUNJU] Although hidden behind the Aum Affair, there is no doubt that there are moves to restructure, like a conservative-conservative alliance, in political circles. What is your view on these moves?

[Nonaka] I believe that the changing alignments of political parties, regardless of the scale, will continue endlessly. I cannot speak for the Communist Party, but there are no longer any fundamental ideological conflicts between the political parties anymore. In reference to a conservative-conservative alliance, if one withdraws from the LDP or cooperates with the others who start to form such alliance to gain a better position in another organization, it will be just like another old, no good LDP.

Then, for what purposes did we advocate political reform, demand the establishment of political ethics, and establish a new election system? I will lay my own flesh and blood against cooperating with them and returning to the old LDP.

[BUNGEI SHUNJU] In conclusion, when do you think the Japanese public can free itself from anxiety, while the police forces remain at full alert despite the arrest of Asahara?

[Nonaka] At the present stage of the police investigation, there is no evidence of the manufacture of massive amounts of sarin and we do have testimony that they disposed of all the sarin manufactured. However, so long as there is even the slightest chance of an extremely small amount of sarin remaining, we must conduct a complete investigation. There have been reports that Aum manufactured, besides sarin, stimulant drugs and weapons, including remodeled guns. There are also possibilities that such illegal items were transferred from gangster-related sources. These risks have not yet been eliminated.

Therefore, we need to resolve any and all doubts as soon as possible and revive the nature of Japan as a safe place for people to live.

Although I have been putting many policemen to work and have challenged their very mental and physical limits, morale remains high. Together, we plan to make every effort to meet the expectations of the people of Japan.

Election Campaign Stalls Government Projects

OW0907144195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Jul 95 Morning Edition p 7

[FBIS Translated Text] With the start of official campaigning for the House of Councillors election on 6 July, most ministries and agencies are shelving planned projects. Because the Murayama government may not survive depending on the results of the election, they have concluded: "We cannot but watch the developments of the political situation for the time being." Some projects have been suspended because of the pressure the ruling coalition applied for political consideration on the government before the start of campaigning. Kasumigaseki is now in an unsettled state since political upheaval is possible.

The Finance Ministry Cannot Move

The Finance Ministry is particularly cautious about promoting its projects because it recently came under severe criticism for its involvement in politics. The ministry hopes to set the ceilings on government offices' budgetary requests for FY 1996 by the end of July. However, because the ruling coalition is pledging dramatic changes to the ceilings, which roughly determine the size of each ministry's budget, it will have to adopt a wait-and-see stance until the 23 July election. If the change in government occurs, the setting of ceilings will be delayed further. Even if the ministry begins setting ceilings immediately after the election, an official decision on the ceilings may be delayed till August.

The government's Tax Commission planned to begin in May full-scale discussions on revenue sources to provide welfare in the aging society, a consolidated taxation system, and corporate taxes, but it has changed the plan. Although commission members gather on a regular basis, they do not hold in-depth discussions. This is because the Finance Ministry is pressing for the halt of full-scale discussions. The commission intends to review its plans to be carried out in and after autumn when the political situation stabilizes.

Meanwhile, the Committee on Financial System Research held its first meeting on 4 July to discuss measures to help financial institutions dispose of nonperforming loans. But no further talks are scheduled on this issue until after the election.

Other Ministries, Agencies Also Adopt Wait-and-See Stance

The Health and Welfare Ministry has been working out specific measures to establish a public medicare system, under which public insurance premium and funds from central and local governments will be used to finance nursing expenses and service for senior citizens. It intends to issue an "interim report" at the end of July or early in August. The ministry does not plan to release the report until after the election because many ruling coalition members claim: "The establishment of the system could lead to an increase in the consumption tax rate. We cannot discuss increasing public tax burdens prior to the election." Some even think "the planned introduction of the system during FY97 would be difficult" because of the next lower house election.

A government committee held its first meeting on 9 June to review the "National Defense Program Outline," which indicates guidelines for defense buildup. No further talks have been held on this matter since then. The Defense Agency is worried that the review of the defense outline may become a "political issue" because of a serious division between the views of the Liberal Democratic Party [LDP] and the Social Democratic Party of Japan [SDPJ], which is calling for the curtailment of defense budget. The agency does not intend to make public a draft of a new outline before the election. It will postpone the second and subsequent talks on the review of the outline, as well as projects to be carried out by the end of the year, until after the election. A bureaucrat said: "We do not need to hurry as the fate of the government and the SDPJ is uncertain." His remark indicates his hopes that a one-party government led by the LDP should be inaugurated, and that an alliance should be formed between conservative parties.

Pressure Applied Before the Start of Campaigning

Although the Food Agency planned the first tendering for imported rice in May, as agreed under the Uruguay Round talks, it postponed it until the end of July because the LDP, which fears a voter backlash in the farming sector, strongly demanded that "the tendering be postponed until after the upper house election." The postponement causes imported rice to arrive after early-cropped domestic rice appears on the market. Because of this, rice importers have claimed: "Import plans should be reviewed to reduce the volume of imported rice."

Fearing negative effects on the election, the ruling coalition tried to postpone the planned raise in private railway companies' train fares. As a result, it was decided that the fare hike should be carried out in September. A Transport Ministry official sighed: "There has been no such precedent before that we spent so much time for preliminary discussions before making the decision." Based on the decision, the fare hike will be implemented in September, nearly eight months after the raise was applied for in January. This is a rare case. Aside from the advisability of the fare hike, political consideration is reflected in the decision.

Possible Resignation of Murayama Discussed

OW0907150995 Tokyo BUNGEI SHUNJU in Japanese Jul 95 pp 224-228

[Article by Taro Akasaka: "There Is a Growing Possibility of Another Change of Government in July"]

[FBIS Translated Text] Prime Minister Tomiichi Murayama marked his 292th day in office on 17 April. This should have been a special day for him, because Tetsu Katayama, who became Japan's first socialist prime minister in history shortly after World War II, remained in office for only 292 days. However, Murayama did not look particularly happy on that day. Since the beginning of this year, Murayama has been very busy dealing with a series of difficult issues, such as the aftermath the Great Hanshin Earthquake, the sarin nerve gas attack in the Tokyo subway system, and the yen's sudden rise against the dollar. April 17 was nothing but another busy day for him.

"So we have finally reached the Katayama cabinet's record," Socialist Construction Minister Koken Nosaka said with deep emotion, when he came to see Murayama at his official residence on the evening of 17 April. However, Murayama remained almost indifferent to his remark. "I do not care and I have no time to think about such a thing," Murayama said bluntly.

"Why am I the only prime minister to meet with so many disasters? I am really tired, and even some newspapers blame the government for failing to prevent the sarin nerve gas attack. I want to quit after the passage of the supplementary budget in the Diet," Murayama said, unburdening himself to Nosaka, who is his closest associate. Until now, on occasions when Murayama said, "I'm too tired, I want to resign," Nosaka never took his words seriously. But this time, Nosaka became straight faced. "Do not say such a thing! I will not let you step down," he said to Murayama.

They also discussed various issues, including future developments in the political situation, during the same evening. Murayama was able to recover his composure in the end, because he had a frank and candid exchange of views with the outspoken Nosaka. Thereby, his weak-spirited remark about his resignation immediately disappeared into the dark night.

About three weeks later, the political world was jolted by a news report about Murayama's possible resignation. In its 11 May morning edition, YOMIURI SHIMBUN carried a story with the following headline: "Prime Minister Hints at Resignation, Says Transitional Cabinet Has Limits." Mild-mannered though he is, Murayama could not keep his hackles from rising when he read this report.

"Mr. Takemura, this article is totally groundless," he immediately said to Masayoshi Takemura, finance minister and head of the coalition party Sakigake.

Murayama received phone calls from many people, including Chief Cabinet Secretary Kozo Igarashi, and Minister of International Trade and Industry Ryutaro Hashimoto. Murayama explained to everyone, in an unusually angry voice, that the news was totally unfounded.

The article in question referred to comments made by Yoshiro Mori, secretary general of the Liberal Democratic Party [LDP], at a gathering.

Mori had called on Murayama at his official residence on 7 May, a day after Murayama came back from his first visit to China. On 10 May, Mori addressed a meeting held by the Research Institute of Japan, and YOMIURI SHIMBUN reported the contents of his lecture. Mori was quoted as saying: "Prime Minister Murayama himself thinks that his cabinet has limits to what it can do, because it is a transitional cabinet. That's what he told me."

What was Mori driving at by making such a remark? There is no doubt that his comment was in line with LDP President Yohei Kono's strategy.

Former Prime Minister Zenko Suzuki's Instructions

What is Kono's strategy? His main aim is winning reelection in the LDP presidential race to be held in September. Kono received instructions from former Prime Minister Zenko Suzuki, an important senior LDP member who once belonged to the faction led by Kiichi Miyazawa.

Kono called on Suzuki at his private residence in Tokyo on New Year's day, right after he exchanged New Year's greetings with Murayama at the prime minister's official residence. When Kono was shown into the guest room, he found Suzuki seated imposingly to receive New Year's visitors. Suzuki immediately led Kono into another room, after briefly exchanging New Year's greetings with him. They had a secret talk for more than one hour. According to people close to them, Suzuki told Kono how to take the helm of state affairs.

Based on Suzuki's instructions, Kono worked out a two-point strategy. The first point was to tighten the union of former Miyazawa faction members, and to solidify the party's unity as well. The second point was to demonstrate his ability as LDP president by inducing Murayama to dissolve the Diet at an early stage in order to hold the upper house and the lower house elections at the same time.

Kono immediately translated these points into action. What he did first was to reconcile himself with Koichi Kato, LDP Policy Research Council chairman. Kono and Kato had once competed against each other within the former Miyazawa faction. A meeting was held between Kono and the so-called YKK trio on the evening of 1 February, through the intermediary of Mori [the YKK trio includes Taku Yamazaki, Kato, and Junichiro Koizumi]. The YKK trio reportedly agreed to support Kono's reelection at the upcoming LDP presidential race.

Kono was successful in tightening the union of former Miyazawa faction members. Meanwhile, he made little progress in consolidating the party's unity.

Since last year, some LDP members have been criticizing Kono for making his foreign ministership a good excuse for neglecting his duties as LDP president. Kono was made a focus of severe criticism within his party following the LDP's defeat in the Tokyo and Osaka gubernatorial elections.

Thus, Kono started to think as follows: "As foreign minister, I have already discharged my duties to a certain degree. Now, I should rather push for a cabinet reshuffle so that I can leave the cabinet and concentrate my efforts on intraparty affairs. If I can make my party win in the upcoming upper house election, I will have the inside track to win reelection in the LDP presidential race."

The reshuffle of the cabinet was immediately brought up for discussion within the ruling coalition, after the Golden Week holiday period in May.

Mori's above-mentioned comment was, in fact, intended to press Murayama to carry out a cabinet reshuffle. Like Kono, Mori was also under fire from the anti-Kono camp.

Since the end of last year, it has been said in an off-and-on way that Murayama would soon reshuffle his cabinet. The Murayama cabinet has been haunted by the possibility of a cabinet reshuffle from the very beginning. For Murayama, this was his trump card to check the movement of discontented elements within his Socialist Democratic Party of Japan [SDPJ], including former Chairman Sadao Yamahama and Secretary General Wataru Kubo. Murayama was aiming at winning these discontented members over to his side by reshuffling the cabinet and by appointing them to cabinet posts. Meanwhile, the reshuffle of the cabinet had a different meaning to the LDP and Sakigake.

When the possibility of a cabinet reshuffle emerged at the end of last year, Kono strongly supported the idea, because he could use the reshuffle of the cabinet as a good excuse to carry out a personnel shake-up within his own party and exclude Kato, his rival, from the position of LDP Policy Research Council chairman. When the possibility of a cabinet reshuffle emerged again in March, after the reconciliation between Kono and the YKK trio, Kono was still in favor of it, because he wanted to leave the cabinet in order to concentrate his efforts on intraparty affairs. Meanwhile, Sakigake leader Masayoshi Takemura was also eager to leave the cabinet, because he thought that remaining as finance minister would do nothing but hurt the overall image of his party.

Murayama, Kono, and Takemura held a top meeting on the evening of 8 May, a day after Mori called on Murayama. Although the three leaders agreed to not carry out a cabinet reshuffle before the upper house election, many politicians within the ruling coalition continue to wait eagerly for a cabinet reshuffle.

Mori had another ulterior motive when he disclosed Murayama's remark about his cabinet's limits.

Well before the 10 May gathering, Mori had revealed to his entourage that he was in favor of an early dissolution of the Diet for a general election. He had made a remark full of implications, by referring to the knotty question of how to field the single-seat Electoral District No. 5 of Niigata Prefecture.

"Once the question of fielding either Makiko Tanaka or Shin Sakurai is solved, the possibility of an early dissolution of the Diet will increase furthermore. Mr. Kono has already made up his mind," Mori had said. Mori and Kono are of the same opinion: Push for an early dissolution of the Diet.

According to those close to LDP Vice President Keizo Obuchi, Kono has been regarded as a "makeshift president" within the LDP. Therefore, if Kono wants to be looked up to as a true LDP president, he should demonstrate his leadership by making his party win in a national election, and preferably in a lower house election. If the next lower house election is held at the same time as the upper house election, and if the LDP wins in the double election, Kono is certain to consolidate his position within the LDP. Moreover, depending on the outcome of the double election, there will be a possibility of Kono becoming the next prime minister. Therefore, Mori's above-mentioned comment was also intended to press for an early dissolution of the Diet.

Unfounded reports usually circulate one after another as politicians start talking about a possible change of government. Some reports said that the Diet would be dissolved on 18 June for a double election on 23 July. Others said that the Diet would be dissolved a little bit later so that the lower house election can be held shortly after the 23 July upper house election. In an era when the political world is totally lacking in centripetal force, there are as many political scenarios as there are machinators. Thus, we cannot completely deny the possibility of a sudden dissolution of the Diet for a general election.

Kono and Mori were not the only LDP members who began to actively maneuver in May. Former LDP Secretary General Seiroku Kajiyama, who assumed a critical attitude toward Kono and Mori, also became very active. He has his own style of doing things, which is to hold discussions with like-minded LDP members in order to double-check their intention; to hold meetings with other senior LDP members with whom he has close relations; to contact some members of the opposition Shinshinto to sound out their views; and to hold policy discussions with his personal advisers. He usually repeats this series of discussions several times.

"I am getting more and more excited. This is the first exciting situation I have encountered since I helped Takeshita form his study group, 'Soseikai,' within the LDP," Kajiyama said.

People who had discussions with Kajiyama were all impressed, because Kajiyama was absolutely full of spirit and vigor. Kajiyama held discussions with a variety of people: Home Affairs Minister Hiromu Nonaka, who is an aggressive and influential member of the LDP; Morishige Goto, chairman of the All-Japan Prefectural and Municipal Workers' Unions, to which Murayama once belonged; former Prime Minister Yasuhiro Nakasone, who is maneuvering to form an alliance between the LDP and some key members of the opposition Shinshinto for the creation of a save-the-nation government; Ryutaro Hashimoto, minister of international trade and industry, who is seen as the most prominent candidate for the premiership should the save-the-nation government be formed; and former Prime Minister Morihiro Hosokawa of the opposition Shinshinto, who is anxious to make a comeback in the next stage of political realignment. The meeting between Kajiyama and Hosokawa was arranged by Akira Sato, who is a former member of "Etsuzankai" (an association of supporters for the late Prime Minister Kakuei Tanaka). Kajiyama met with Hosokawa at the request of Sato.

Kajiyama also held discussions with writer Taichi Sakaiya, one of his personal advisers. He exchanged views with Sakaiya on what Japan's national strategy should be in the 21st century, including such important issues as how to prevent Japan's deindustrialization and how to nurture frontier industries. Kajiyama considers his personal life's work to wrestle with these issues.

Kajiyama also did not forget to hold a series of meetings with the following LDP members, in order to prepare for the upcoming LDP presidential race: Former Transport Minister Kenzo Muraoka, who is his right-hand man; and other LDP members, including Fukushiro Nukaga, who is close to former Prime Minister Noboru Takeshita.

Moreover, a gathering aimed at giving encouragement to Kajiyama was organized at the Hotel Okura in Tokyo on May 30. When the LDP went out of power in 1993, Kajiyama immediately took responsibility by resigning as LDP secretary general. Since then, he has been living in seclusion, without having any official title in the LDP. The 30 May gathering marked his official comeback to the political stage as a powerful LDP leader. He is currently maneuvering to create a new study group within the LDP, to be called "Group for the Study of Japan's Future Course," by gathering senior members who are dissatisfied with the way Kono and Mori are administering the party. In addition to this movement, a group of younger LDP dietmen, who are close to Kajiyama, have already formed their own study group, called "Group for the Study of New Party Politics," with Hosei Noda as leader.

Kajiyama's Plan To Form a New Government Led by Hashimoto

As the man who had helped establish the current government led by Murayama, Kajiyama still wants to make the Murayama administration last as long as possible. But at the same time, Kajiyama needs to examine every conceivable development in the political situation and prepare as many plans as possible in order to minimize the risk should Murayama resign. This is just his way.

This is why Kajiyama always has a wide field of action. When Shinshinto Secretary General Ichiro Ozawa sets a new goal, he always wants to reach it quickly by taking a beeline path. This is why he does not hesitate to use high-handed tactics. Kajiyama is also branded as a warlike person. But unlike Ozawa, Kajiyama always has many ways to reach his goal, directly or by taking a long way around.

There is no doubt that the current alliance between the LDP and the SDPJ is the result of his flexible way of thinking. For Kajiyama, who always sees things from a long-term viewpoint, the current tripartite cabinet was nothing but a transitional government from the very beginning. For him, the LDP-SDPJ alliance was nothing but an instrument to materialize his own political goal.

The two meetings held between Kajiyama and Hashimoto before and after Golden Week particularly attracted a good deal of public attention.

"Japan needs a new national goal. For instance, we should change our foreign policy, which leans too much toward the United States. Please think about this question, and if possible, give me your answer next time," Kajiyama said to Hashimoto by showing a draft of his policy proposals.

His draft included the following proposals: Respect the spirit of the war-renouncing Article 9 of the Constitution; enhance Japanese people's moral consciousness; promote investment in science and technology; and nurture new industries.

Hashimoto said only one thing to Kajiyama: "Mr. Kajiyama, I also would like to see participation of the

Self-Defense Forces in the United Nations peacekeeping operations in the Golan Heights."

Kajiyama is of the opinion that there is no need for Japan to hastily participate in peacekeeping operations outside Asia as long as the United Nations does not promote self-reformation. Instead of clearly rejecting Hashimoto's proposal, Kajiyama reacted by humming a tune, with nebulous implications. This waggish way of imposing his cherished opinion on others is peculiar to Kajiyama.

A senior dietman who is on friendly terms with both Kajiyama and Hashimoto interpreted their meeting as follows: "Ryutaro was singled out by Kajiyama as the candidate for the next premiership. Kajiyama's policy proposals will also become the basis for the new government to be led by Hashimoto."

Kajiyama is not the only person who is eagerly watching for a chance to make Hashimoto the next prime minister. There is also a movement concerning Hashimoto within the opposition Shinshinto. Many ulterior motives lie behind the movement toward the reunion of all members who once belonged to the LDP faction led by Noboru Takeshita, and behind the hope for an alliance of the conservative right.

Ozawa is also watching for an opportunity to carry Hashimoto, his former archrival, to the premiership. When the opposition Shinshinto was formed last December, the point at issue was who should be president of the new party. There was a story going around that Ozawa was thinking of Hashimoto as Shinshinto president. At that time, Hashimoto had at least two secret meetings with Ozawa.

Even now, Hashimoto does not hesitate to say: "Ichiro and I have almost the same view on each policy. The only difference in views is whether or not to limit the activities of the Self-Defense Forces in UN peacekeeping operations to duties in the rear." Hashimoto and Ozawa were once engaged in a fierce battle. But now it seems that their ill feelings have completely melted away.

Unavoidable circumstances within the opposition Shinshinto induced the improvement of relations between Hashimoto and Ozawa. Shinshinto quickly lost its momentum after its inauguration, because it had no choice but to choose a suspicious-looking Toshiki Kaifu as president. People at Nagata-cho view that Ozawa had no choice but to improve relations with Hashimoto with an eye to an alliance of the conservative right, in order to break the deadlock within Shinshinto.

There are three kinds of possible alliance of the conservative right. The first possibility is an alliance with the members of the former Takeshita faction, including Ozawa, as central figures. The second possibility is an alliance between the YKK trio and Shinshinto's anti-Ozawa camp. The third possibility is an alliance between the YKK trio and the members of the former Takeshita faction, excluding Ozawa.

Meanwhile, there are many politicians who are opposed to the creation of an alliance of the conservative right, because they fear that this could lead to a complete restoration of the faction that was once led by Takeshita.

"I will never join hands with Ozawa, even if I am the only one to stay away from him," Home Affairs Minister Nonaka said.

Former Prime Minister Tsutomu Hata of the opposition Shinshinto openly criticized the idea of creating an alliance of the conservative right. "Why do we have to form an alliance of the conservative right now? It's nothing but a suicidal act," he said.

And how do Ozawa and Takeshita feel toward each other now? That is the question, because the breakup of the Takeshita faction was primarily triggered by the feud between Ozawa and Takeshita.

Meanwhile, Funada Hajime of the opposition Shinshinto, who has been approached by the YKK trio, has just begun to seek the possibility of creating an alliance of the conservative right without Ozawa.

"I cannot tell the reason of my defection from the LDP. I think I was affected by a febrile illness at that time," Funada said regretfully. Does he have a magic wand that is capable of returning spilt water again?

Kono and Hashimoto are said to be the two major contenders for the next premiership. Another possible candidate is LDP Vice President Keizo Obuchi, who leads the group of former Takeshita faction members. Unfortunately, he now lacks vitality, as he failed to remain at the post of chairman of the LDP's local arm in Gunma Prefecture. As for Sakigake leader Takemura, who is also finance minister, he fell into discredit following the debate over the restructuring of governmental financial organizations and over the bailout of two credit associations. The problem is that no one has a trump card to win the premiership. Kato once said, just in fun, that Murayama's successor would be Murayama himself. But perhaps this was not a joke.

The most important point is that the fate of the current government will depend on whether or not Murayama wants to remain in office, and whether or not he will be able to keep his nerve at times of high tension.

According to Kajiyama, people who were born during the Taisho era cannot throw in the towel easily, because they have a strong sense of responsibility. However, some supporters of the Murayama Government have begun to say as follows, with a mind to the expected outcome of the upcoming upper house election: "We better start thinking about how to terminate the current government in a decent way before Murayama becomes entirely exhausted."

North Korea

7 Jul Activities in Memory of Kim Il-song Noted

Memorial Service Summarized

*SK0707170195 Pyongyang KCNA in English
1653 GMT 7 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — A national memorial service was solemnly held at the Pyongyang Indoor Stadium today on the occasion of the first death anniversary of the great leader President Kim Il-song.

The great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army, attended the service with senior party and state officials.

Also present were ten thousand people in Pyongyang and from across the country including workers, cooperative farmers, officers and men of the Korean People's Army, young people and overseas Koreans.

Those who were present at the service paid a silent tribute to the memory of President Kim Il-song.

Yang Hyong-sop, alternate Politburo member of the Central Committee of the Workers' Party of Korea and chairman of the Supreme People's Assembly, made a memorial address, authorized by Comrade Kim Chong-il.

Yang Hyong-sop said among other things:

The great leader Comrade Kim Il-song passed away after stopping only too unexpected beating of his heart one year ago. This is the biggest sorrow for the Korean people and the world progressive people.

The life of respected Comrade Kim Il-song was a brilliant life of the greatest leader who victoriously led the people's cause of independence; it was a glorious life of the greatest of great men, a master in pen and sword and a man of virtue.

In one year our people takes it as their firm faith that Comrade Kim Il-song will always be with them as long as there is Comrade Kim Chong-il, who is unfailingly loyal to his idea and cause.

All the party members and other working people must be unfailingly loyal to Comrade Kim Chong-il, the destiny and future of Korea, and be infinitely faithful to the party's idea and leadership.

On behalf of the Workers' Party of Korea, Choe Tae-pok, alternate Politburo member and secretary of the WPK Central Committee, said:

It is the settled revolutionary faith and will of all our party members and people to hold respected Comrade Kim Il-song in high esteem as the leader of our party and revolution for all ages.

All our party members and party organisations will cherish deep in their hearts the firm faith that Comrade Kim Il-song is precisely Comrade Kim Chong-il and the great Comrade Kim Chong-il is our party, establish within the whole party the firm monolithic leadership system of the party Central Committee headed by Comrade Kim Chong-il and uphold with a single heart of loyalty and filial piety the idea and leadership of respected Comrade Kim Chong-il, an ever-victorious banner of our revolution and a basic guarantee for eternal prosperity of our country.

On behalf of the officers and men of the Korean People's Army, Colonel General Kim Chong-kak, on behalf of the young people, Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth of Korea, and Ho Chong-man, chief vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), took the floor.

Stadium, Slogans Described

*SK0707155895 Pyongyang KCNA in English
1541 GMT 7 Jul 95*

["National Memorial Service for the Late President Kim Il-song Held in Presence of Comrade Kim Chong-il" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — A national memorial service was held solemnly at Pyongyang Indoor Stadium today on the occasion of the first death anniversary of President Kim Il-song, the great leader of the Workers' Party and people of Korea.

The meeting hall was wrapped in feelings of the deepest reverence for and loyalty to President Kim Il-song, packed by workers, cooperative farmers, People's Army soldiers, youths and other peoples in Pyongyang and from different parts of the country, more than 10,000 in all.

Placed on the platform of the meeting hall were a portrait of President Kim Il-song and slogans "Long live the great leader Comrade Kim Il-song!" and "Long live the glorious Workers' Party of Korea!"

Seen in the background of the platform were a red flag and the figure "1994-1995".

Also put up at the meeting hall were slogans "The great leader Comrade Kim Il-song will always be with us," "Let us arm ourselves more firmly with the revolutionary ideas of the great leader Comrade Kim Il-song!" "Let us hold the great Comrade Kim Il-song in high esteem for all ages as the eternal leader of our party and people and the sun of chuche!" "Let us accomplish the chuche revolutionary cause, true to the behests of the great leader Comrade Kim Il-song!" and "Long live the great unity of our party which has been continued through generations!"

The memorial service was attended by members and alternate members of the Central Committee [C.C.] of the Workers' Party of Korea (WPK), deputies to the Supreme People's Assembly, leading officials of party, power, administration and economic bodies, social organizations and central organs, anti-Japanese revolutionary fighters, those who had relations with President Kim Il-song or were received by him in his lifetime and people of distinguished service from throughout the country, men of science, education, culture and art, public health and the press, officers and men of the Korean People's Army [KPA], families of revolutionary martyrs and working people in the city.

Also present were the members of a delegation of Koreans in Japan which came here to honor the memory of the great leader Generalissimo Kim Il-song on the first anniversary of his death and other delegations and visiting groups of the General Association of Korean Residents in Japan (Chongnyon) and compatriots from different regions of the world.

Chief of the Pyongyang mission of the National Democratic Front of South Korea Yi Chong-sang and foreign diplomatic envoys here were invited there.

Comrade Kim Chong-il, chairman of the National Defense Commission of the Democratic People's Republic of Korea, supreme commander of the Korean People's Army and the great leader of the Workers' Party and people of Korea, appeared on the platform of the meeting hall.

Taking the platform were Premier of the Administration Council Kang Song-san; Vice-presidents of the DPRK Yi Chong-ok, Pak Song-chol and Kim Yong-chu who are members of the Political Bureau of the C.C., WPK; Vice-president of the DPRK Kim Pyong-sik, chairman of the C.C., the Korean Social Democratic Party; Vice-premier of the Administration Council Kim Yong-nam; Chief of the KPA General Staff Choe Kwang and secretaries of the C.C., WPK Kye Ung-tae, Chon Pyong-ho and Han Song-yong who are members of the Political Bureau of the C.C., WPK; alternate members of the Political Bureau of the C.C., WPK; vice marshals of the KPA; secretaries of the C.C., WPK; vice-premiers of the Administration Council and other senior officials of party and power bodies and social organizations, anti-Japanese revolutionary fighters, KPA generals, heroes of the republic, labor heroes and men of merit.

Also included in the platform party were Chairman Han Tok-su, First Vice-chairman Yi Chin-Kyu and Chief Vice-chairman Ho Chong-man of the Chongnyon Central Standing Committee and other Chongnyon officials, and Yi In-mo, former war correspondent of the KPA and incarnation of faith and will.

The memorial service began with the solemn playing of the immortal revolutionary hymn "Song of General Kim Il-song."

All the participants in the memorial service observed a moment's silence with the deepest reverence in memory of President Kim Il-song, who devotedly worked to the last moment of his life for the prosperity of the country, the happiness of the people, the reunification of the country and independence of humankind.

The memorial service was addressed by Yang Hyong-sop, alternate member of the Political Bureau of the C.C., WPK and chairman of the Supreme People's Assembly.

Speeches were delivered by Choe Tae-pok, alternate member of the Political Bureau and secretary of the C.C., WPK, on behalf of the WPK, Col. Gen. Kim Chong-kak on behalf of the KPA officers and men, Choe Yong-hae, chairman of the C.C., the League of Socialist Working Youth of Korea, on behalf of youths and students, and Ho Chong-man, chief vice-chairman of the Chongnyon Central Standing Committee.

The memorial service ended with the band playing "Internationale."

Officials in Attendance Listed

SK0707232895 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 7 Jul 95

[FBIS Translated Excerpt] A central memorial service was held solemnly on the occasion of the first anniversary of the death of Comrade Kim Il-song, the great leader of our party and people. Comrade Kim Chong-il, chairman of the DPRK National Defense Commission and supreme commander of the Korean People's Army [KPA], attended the memorial service with leading cadres of the party and government. The central memorial service marking the first death anniversary of Comrade Kim Il-song, the great leader of our party and people, was held at the Pyongyang Indoor Stadium on 7 July. [passage omitted]

Comrade Kim Chong-il, chairman of the DPRK National Defense Commission, supreme commander of the KPA, and great leader [yongdoja] of our party and people, appeared at the rostrum of the stadium where the memorial service was going to be held.

Comrade Kang Song-san, member of the Political Bureau of the Workers Party of Korea [WPK] Central Committee and premier of the Administration Council; Comrades Yi Chong-ok, Pak Song-chol, and Kim Yong-chu, members of the Political Bureau of the WPK Central Committee and vice presidents of the DPRK; Vice President Kim Pyong- sik, chairman of the Korean Social Democratic Party Central Committee; Comrade Kim Yong-nam, member of the Political Bureau of the WPK Central Committee and vice premier of the Administration Council; Comrade Choe Kwang, member of the Political Bureau of the WPK Central Committee and chief of the General Staff of the KPA; Comrades Kye Ung-tae, Chon Pyong-ho, and Han Song-yong, members of the Political Bureau of the WPK Central Committee and secretaries of the party Central Committee; the widow Comrade Kim Song-ae; Comrade Kim Chol-man, candidate member of the Political Bureau of the WPK Central Committee; Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of secretary of the party Central Committee; Comrades Choe Yong-nim and Hong Song-nam, candidate members of the Political Bureau of the WPK Central Committee and vice premiers of the Administration Council; Comrade Yang Hyong-sop, candidate member of the Political Bureau of the WPK Central Committee and chairman of the Supreme People's Assembly; Comrade Hong Sok-hyong, candidate member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Commission; Comrades Yi Ul-sol, Paek Hak-nim, Kim Kwang- chin, and Kim Ik-hyon, vice marshals of the KPA; Comrades Kim Ki- nam, Kim Kuk-tae, Hwang Chang-yop, Kim Chung-nin, So Kwan-hui and Kim Yong-sun, secretaries of the WPK Central Committee; Comrades Kim Hwan, Kim Pok-sin, Kim Chang-chu, Kim Yun-hyok, Chang Chol, and Kong Chin-tae, vice premiers of the Administration Council; Comrade Yun Ki-pok, chairman of the Economic Policy Commission of the Central People's Committee [CPC]; Comrade Pak Nam-ki, chairman of the Pyongyang Municipal Administrative and Economic Committee; Comrade Chon Mun-sop, chairman of the CPC State Inspection Commission; Ms. [sonsaeng] Yu Mi-yong, chairman of the Chondoist Chongu Party Central Committee; responsible functionaries of party, government, and public organizations; anti-Japanese revolutionary fighters; officers and men of the KPA; heroes of the Republic; labor heroes and meritorious people also came out to the rostrum. [passage omitted]

Yang Hyong-sop Speaks at Service

SK0807045695 Pyongyang Korean Central Broadcasting Network in Korean 1007 GMT 7 Jul 95

[Speech by Yang Hyong-sop, chairman of the DPRK Supreme People's Assembly, at the central memorial service on the first anniversary of Kim Il-song's death held at the Pyongyang Indoor Stadium — live]

[FBIS Translated Text] Comrades, we, along with all people in the country, are cherishing the memory of the great leader Comrade Kim Il-song with boundlessly solemn hearts on the first anniversary of his passing away. A year ago, the heartbeat of the great leader Comrade Kim Il-song unexpectedly stopped, and he left us. This was an irrevocable, great loss in implementing the cause for the independence of our party, revolution, socialism, and mankind. This was the greatest sorrow of our people and the world's progressive people.

At this solemn moment, when all our party members, the entire Army, and all the people are cherishing the memory of the great leader with our utmost reverence on the first anniversary of his passing away, I, under the authorization of the great leader [yongdoja] Comrade Kim Chong-il, chairman of the DPRK National Defense Commission and the supreme commander of the Korean People's Army, hereby deliver the memorial speech for the central memorial service.

On the first anniversary of the regretful departure of the great leader, I express the greatest respect with the boundless admiration and loyalty of all the people, who wish the leader immortality, looking up to the respected and beloved leader Comrade Kim Il-song. The past year, which we spent amid the great sorrow of having lost the great father of the popular masses, was a year that impressively showed how true and ardent were the people's hearts, which revered the respected and beloved leader and wanted to uphold and follow him forever.

Since we received the crushingly sad news of the passing away of the great leader, all our people have become chief mourners. Even after the end of the national mourning period, our people could not resist the boundless sorrow, and missed the fatherly leader with all their hearts, mournfully cherishing his memory every day. Unable to forget the fatherly leader, floods of the working class, farmers from cooperative farms, officers and men of the People's Army, intellectuals, and youths ceaselessly visited the statues of the great leader at Mansudae in the capital and every historical site across the country in bright days and deep nights to pay their condolences and take loyal oaths.

Having suffered over the great state funeral for the first time in 5000 years of history, people from all walks of life in South Korea and all overseas compatriots, including 700,000 Korean residents in Japan, have endlessly admired the fatherly leader, never repressing their bitterness.

Because of the shock and sorrow at the loss of the peerless great man, unanimously admired by the progressive people throughout the world, memorial events that transcend the existing practice and forms have taken place everywhere throughout the five continents. State leaders, leading personalities from all walks of life, and a wide range of people have sent us messages of condolence, wreaths, and flower baskets, expressing the will of their sincere sympathy. Our people will always remember it and appreciate it.

Mankind's history up to date records a great number of famous leaders [yongdojadul], but there was no other great leader like Comrade Kim Il-song.

We were always deeply moved by the great leader during his lifetime. However, because of the sudden great loss of the leader, we have more keenly felt how great a man our people have upheld up to date as the leader, as well as how greatly they are blessed by the leader.

The whole life of the respected and beloved Comrade Kim Il-song was the brilliant whole life of the greatest leader who adhered to the vertical rudder of the times and history and who led the popular masses' cause for independence to victory.

Thanks to the respected and beloved leader's extraordinary ideological and theoretical activities and great revolutionary practice conducted throughout a protracted period from the twenties to the mid-nineties of this century, the immortal chuche idea — the great guiding idea of our times — was created. A basic upturn has been effected in pioneering our people's destiny. Also, the cause for independence throughout the world has been carried out vigorously.

As the genius of an idea who elucidated the future road of the times and revolution by putting forward the great revolutionary theory centered on man for the first time in history and as the great master of the leadership who gained an immortal achievement in the twentieth century, the respected and beloved leader Comrade Kim Il-song's esteemed name is highly being praised as the guide of the independent era, the banner of advancement, and the symbol of eternal victory.

The great leader Comrade Kim Il-song's whole glorious life was the sacred life of a great man among great men, who had both literary and military accomplishments and who was benevolent at the highest level.

The respected and beloved leader was a great man created by heaven, the equal of whom rarely appears even within a century. He had all the perfect qualities and traits of a great man, such as a noble personality which appealed to people, unlimited fragrant human odor, sea-deep magnanimity, broad-mindedness, brilliant wisdom, clairvoyance, extraordinary military strategies, and ever-victorious tactics of leading the Army.

The respected and beloved leader Comrade Kim Il-song was a great revolutionary, a great man, and the tender-hearted father of the people. Every day of his great life was permeated with his boundless devotion to the revolutionary cause, his invincible will to achieve victory, his warm affection for the country and the people, and his steadfast revolutionary principles.

The respected and beloved leader spent his whole life in confrontation with the international reactionaries, but was never distressed; he walked along the long way of the revolution always, with great optimism in certain victory.

In the gravest times under the Japanese imperialists' rule, Comrade Kim Il-song, a peerless patriot and an unparalleled legendary hero, organized and led the arduous anti-Japanese revolutionary struggle to the victory, running though the sea of blood and the sea of fire, upholding the red banner of the revolution, in a bid to retrieve the lost fatherland for our people. Thereby, he prepared the honorable revolutionary tradition, the deep and stout historical roots of our party and revolution.

After achieving the cause of the fatherland liberation, the great leader Comrade Kim Il-song presented the wisest line for building a new fatherland in such a complicated environment in the very beginning of the national foundation and overcame difficulties and obstacles beyond description, enduring sleepless nights, to achieve the cause of building the party, the state, and the Army.

Comrade Kim Il-song, a genius-like military strategist and an ever-victorious iron-willed sagacious general, led the anti-U.S. sacred war for protecting the liberty and independence of the fatherland to a great victory with his indomitable will and peerless braveness by overcoming all sorts of calamity effected by the war, shouldering all the burdens of party, government, and military activities.

Comrade Kim Il-song, a genius of creation and construction, inspired all the people, including the working class, and brilliantly implemented the huge cause of building plants and urban and rural areas with empty hands in the empty land following the war. He also wisely and vigorously led the difficult and arduous struggle to defend the party's unity and the country's independence from maneuvers of reactionaries at home and abroad.

The great leader Comrade Kim Il-song presented a most correct reunification program, wisely led our people's struggle to reunify the divided country with our nation's own strength, and vigorously encouraged the struggle of the progressive people of the world for socialism, national sovereignty, and peace with his resolute revolutionary principle and noble sense of obligation.

The respected and beloved leader Comrade Kim Il-song has not only provided our people with the boundless glory and happiness of yesterday and today by breaking through all sorts of difficulties and barriers, but has also completely solved the issue of bequeathing leadership under which our nation can become prosperous forever, generation after generation.

The anti-Republic and antisocialist maneuvers by imperialists and reactionaries are still being intensified in the international arena today. Nevertheless, our popular mass-centered socialism has been firmly safeguarded and defended without the slightest degree of faltering and is constantly developing. This is because the great leader Comrade Kim Il-song, through his foresighted and excellent leadership and noble efforts, has provided the firm foundation which makes it possible for our party and people to vigorously advance along the single road of chuche, upholding the center of leadership, the center of unity.

The great leader Comrade Kim Il-song's love toward our people was a most devoted and active love and a very warm love. From the first day he embarked on the road of the revolution, the great leader Comrade Kim Il-song treasured revolutionary camaraderie, began with recruiting comrades in carrying out the revolution, and fostered millions of party ranks and matchless revolutionary armed forces on the basis of lofty camradely love and sense of obligation. Thus, he has turned the whole country into a solid and harmonious great family of socialism.

Taking the ideology, "Believing in the people as in heaven" as his motto, the great leader Comrade Kim Il-song always mingled with the people and advanced the revolution by activating the masses' strength. He also deeply mingled with the working people, including the working class, bestowed love and trust upon them, and gave them strength and courage, and turned adversity into prosperity and misfortune into fortune.

The great efforts and boundless love for the people of the great leader Comrade Kim Il-song' who devoted his all for the people' dwell precisely in his shabby uniform and coat displayed in the Museum of Korean Revolution today. The respected and beloved leader was very humble.

With his great ideas, leadership and moral influence, the respected leader enjoyed international popularity. He had absolute authority. However, he never wished to have the slightest privilege or special favor throughout his life. When the people ate cooked millet, he also ate it, and he always led a frugal and simple life. When he designed and arranged all works of the party and the state, he discussed them with the party Central Committee in advance.

The last activities in the respected leader's great life, which is remembered as an everlasting light by all of us, set an example of a genuine life for humanity in the hearts and minds of our people and all good and honest people of the world.

Despite his advanced age of 80, the respected leader attentively and carefully led works in all domains with a strong, indomitable will and tireless and vigorous energy. Even until the last moment of his great life, the respected leader devotedly worked for the nation's prosperity and development and for the people's happiness.

Throughout history there has never been a leader to match the great leader who has ended such a clean, brilliant, and perfect life. The great leader Comrade Kim Il-song was a great saint who dedicated his whole life to the people until the last moment of his life, and passed away while looking after state affairs.

Thanks to the great and lofty efforts of the fatherly leader, the powerful socialist state with independence, self-reliance, and self-defense capabilities was built and our people's boundless happiness bloomed. The single-hearted unity among the leader, the party, and the masses — the source of permanent victory of our revolution — was achieved, and the brilliant future of our nation and people is firmly ensured.

The respected leader gave all honors and happiness to our people and provided the foundation for everlasting prosperity over generations. However, he left only with a red flag in his bosom. He is gloriously cherished in our hearts as the permanent savior of our destinies and as the founder of socialist Korea.

Through practical experience in life during the past year, our people came to more deeply cherish the precious truth that the revolutionary cause, which was pioneered by the great leader [suryong] and inherited by the great leader [yongdoja], will confidently advance along its orbit without stagnation and frustration under any circumstances.

During these days, our people came to have an iron-clad faith that as long as there is the great leader Comrade Kim Chong-il, who is unswervingly loyal to the ideas and cause of the respected leader Comrade Kim Il-song, the fatherly leader will always be with us.

When the entire country turned into the sea of tears upon hearing the sad news that the respected and beloved leader had passed away unexpectedly, the great leader Comrade Kim Chong-il, realizing the people's sentiment of expressing their boundless sadness, never forgetting the fatherly leader, extended the state mourning period and ensured that an all-people funeral service and a memorial service be held on an unprecedented scale.

As the people's sorrowful sentiment of feeling an irresistible yearning for the fatherly leader deepened, respected and beloved Comrade Kim Chong-il arranged a separate, solemn 100th-day memorial service and, thus, warmly showed that the great leader and our party and our people are a blood-related single body that is inseparable forever, and greatly moved the entire world by showing the Korean communists' noble sense of loyalty toward the leader [suryong] and their sense of obligation.

Great Comrade Kim Chong-il, who has boundless loyalty toward the leader [suryong], has devoted himself to the work of upholding the will of the great leader and exercised energetic leadership to lead the entire party, the entire Army, and all people to single-mindedly implement the fatherly leader's behests.

When the entire country was immersed in grief because of the indescribable pain from the loss, the great leader Comrade Kim Chong-il presented the slogans "The great leader Comrade Kim Il-song will be with us forever!" and "Let us more thoroughly arm ourselves with the great leader Comrade Kim Il-song's revolutionary ideas!" and, thus, led the entire party and all people to resolutely stand up in the new revolutionary march with added strength and courage and with unshakable spirits.

Great Comrade Kim Chong-il sent the cadres of the party and state to units where there were historic relics of the fatherly leader's leadership and units that were setting examples in displaying the revolutionary spirit of self-reliance and arduous struggle and encouraged the officials and workers there. He also ensured that their examples were generalized throughout the country. He also proposed the construction of the monument to the party founding, the second stage of the Chongnyu bridge, and Kumnung Tunnel No. 2 and ensured that the grand construction campaign be waged. His revolutionary leadership invigorated our revolution's forward movement and fueled the flames of the general socialist onward march across the country.

The letter of congratulations sent by the great leader Comrade Kim Chong-il on the occasion of the New Year, which was filled with deep significance, has been engraved in our hearts as a most precious motto.

The respected comrade supreme commander gave a precious teaching to the people calling on them to fulfill their mission as fighters and disciples of the great leader [suryongnim] and offered New Year greetings before the spirit of the fatherly leader. Following this, the respected comrade supreme commander visited the People's Army units. His noble and lofty appearance elicited boundless emotion and indomitable strength to the people all across the country, as well as to the officers and men of the People's Army, who have spent a year amid tears and sorrow since they greeted the significant new year.

The respected Comrade Kim Chong-il organized concrete operations to carry to accomplishment the revolutionary economic strategy so that the fatherly leader's lifetime intentions are faithfully reflected in works of all fields, including the party work, economic work, national defense work, and external work. By giving energetic on-the-spot guidance to all units, he put forward the slogans of the party Central Committee which elucidated a milestone for the new advance movement. Thus, through his tireless and sleepless activities, he saw to the acceleration of the all-people socialist general advance march.

During the days when he worked days and nights by upholding the fatherly leader's behests, the great leader Comrade Kim Chong-il, with uncommon wisdom and profound ideological and theoretical activities, published the immortal classical works, "Socialism Is Science," and "It Is An Essential Demand in Accomplishing the Socialist Cause to Give Priority to Ideological Work." Thus, he further glorified socialism of our own style and put forward a programmatic guideline for accomplishing the chuche socialist cause. He elucidated the bright, victorious road for the world movement to rebuild socialism.

Thanks to the outstanding and tested leadership and tireless efforts of the respected Comrade Kim Chong-il, our revolution is today unswervingly advancing along the single road, on which the great leader [suryongnim] traveled, and new innovations and brilliant success have been registered in all domains of the revolution and construction.

The great leader Comrade Kim Chong-il said that there are no people as great as ours who entrusted the party with their entire destiny and who are invariably advancing along the path of loyalty, in both happy and arduous times. He highly praised all the people, including the working class, and extended thanks for each of their beautiful communist acts which bloomed among them. Having thus become the father of all the people of the nation, he is solidifying our society into a great revolutionary family which is united based on love and a sense of obligation.

Today the circumstances of our revolution still remain complex and maneuvers of the imperialists and reactionaries to isolate and smash the Republic are being perpetrated constantly. Under this situation, all the people are firmly maintaining and persistently advancing the chuche socialist cause with singlehearted unity around the party based on the solidest and stablest political foundation. This is totally attributable to the fact that the great Comrade Kim Chong-il is leading our revolution along the single road of victory with refined leadership, outstanding strategy, and uncommon courage.

Our people are greeting the first anniversary of the fatherly leader's passing away with the warm sense of reverence amid ardent yearning which increases as time passes. At this very time, the respected Comrade Kim Chong-il took a historic step to rename the Kumsusan Assembly Hall as the Kumsusan Memorial Palace and to preserve the great leader Comrade Kim Il-song in an eternal status. This is indeed an exciting event provided by the respected Comrade Kim Chong-il, who is standing at the van of our revolution with the sense of warmest loyalty to the leader [suryong] and endlessly noble, moral traits.

The great leader Comrade Kim Chong-il assisted the great leader's [suryognimui] revolutionary activities at an early date, 30 years ago, and opened the golden age of the era of the Workers Party by leading our party, our people, and our revolutionary Armed Forces. During the past year, when we had to overcome grave misfortune, he advanced the chuche cause without deviation by firmly grasping the steering gear of our revolution. Because there is the great leader Comrade Kim Chong-il, our party and country will be brilliant forever with the name of the great Comrade Kim Il-song, and the leader's cause will be accomplished by overcoming various difficulties and trials. This is the very faith and pride which fills our people's hearts.

The pledge solidified by our people to uphold the fatherly leader forever with the sense of reverence, is a firm determination to carry to accomplishment the chuche revolutionary cause, which was pioneered and led by the leader [suryongnim], by upholding the leadership of the great leader Comrade Kim Chong-il according to the respected leader's lifetime intention.

The great leader Comrade Kim Il-song has taught: For us to maintain popular mass-centered socialism of our nation and to brilliantly accomplish the chuche revolutionary cause, the entire party and all the people should firmly unite with Comrade Kim Chong-il and should satisfactorily uphold his leadership.

The warmest wish cherished by the great leader during his lifetime was the teaching that the entire party and all the people should loyally uphold the leadership of Comrade Kim Chong-il and accomplish the chuche revolutionary cause to the end.

The great leader Comrade Kim Chong-il, who has both military and literary accomplishments, is today's Comrade Kim Il-song who inherited intact the ideas, traits, and noble moral character of the respected leader [suryongnim]. We should loyally uphold the leadership of the respected general. Herein lies the genuine way for permanently upholding the fatherly leader and for brilliantly inheriting and accomplishing the revolutionary cause of the leader [suryongnim].

Cherishing deep in their hearts a sense of great pride and fortune at being blessed with great leaders through the generations, all the party members and working people should be unfailingly loyal to the great leader [yongdoja] Comrade Kim Chong-il, the destiny and future of our country, and should be infinitely faithful to the party's idea and leadership, always remembering that their loyalty and filial duty to the fatherly leader Comrade Kim Il-song is insufficient.

All party members, working people, officers and men of the People's Army, and young masses should bear the iron faith that as long as great Comrade Kim Chong-il exists, we will always win. By doing so, they should become loyalists and guns and rifles that resolutely defend and safeguard with their lives the respected and beloved comrade supreme commander politically and ideologically under any adverse situation.

The single-hearted unity is a basic requirement of our revolution and a basic guarantee of all victories. We should keep the tradition of the single-hearted unity centered around the leader [suryong] which has been achieved and consolidated from the dawn of the Korean revolution, and should unite, unite, and again unite around the great leader [yongdoja] Comrade Kim

Chong-il. We should also strengthen the revolutionary discipline with which the entire party, all the people, and the entire Army move as one under the leadership of the party Central Committee centered by respected and beloved Comrade Kim Chong-il.

Our people's loyalty and filial duty toward the party and the leader [suryong] should be highly demonstrated on the course of accelerating the all-people general onward movement of socialism by brilliantly keeping the promise of conviction made before the great leader's bier.

Being very much alike, the fighters and students of the great leader, all the party members and working people should become heroes and creators of feats in the general onward movement to further enrich our country, our fatherland, upholding the party Central Committee's slogans on the 50th anniversary of the founding of the WPK and this year's significant congratulatory letter sent by the great leader [yongdoja] Comrade Kim Chong-il. Thus, we should endlessly glorify our socialist country of chuche as the glorious country of Comrade Kim Il-song and a paradise where the Kim Il-song nation lives.

All the party members and working people should highly display the revolutionary spirit of self-reliance and fortitude, beating the drum of revolution under the loyal slogan "What the party decides, we will do." Thus, we should adorn this significant year as a year of brilliant victory and a year of glory in the history of our party and fatherland by vigorously waging the three revolutions— ideological, technical, and cultural—and effecting upsurges in implementing the party's revolutionary economic strategies.

All functionaries should become the standard-bearers of the struggle to lead the masses with a practical paragon by deeply realizing their heavy burden before the party and the revolution and working more tenaciously than ever before.

By thoroughly implementing our party's self-defending military line in conformity with the demands of the prevailing situation, we should further strengthen our People's Army into the party's army of a one-a-match-for-100, the army of the revolution, and should see to it that all the people sincerely learn military affairs and more highly enhance the traditional, laudable custom of unity between the army and the people.

Reunifying the country was the great leader Comrade Kim Il-song's lifetime cause. The great leader, who devoted his all to achieving the country's reunification from the first day of the country's division, devoted his all to the cause of reunification until his last moment. Thus, he produced the immortal achievements which will be recorded forever in the history of our people's reunification movement.

Today, the South Korean rulers, far from finding a lesson from the grave crime they committed, are still resorting to the maneuvers for fascist oppression, arms buildup, confrontation, and war against fellow countrymen while flattering and submitting to outside forces. However, with no maneuvers can they get rid of the grave crime they committed before the nation nor can they escape the judgment of the times and history.

We will realize the great leader's [suryong] will of reunification by blocking and breaking the maneuvers of the splittist forces at home and abroad, and by achieving reunification in the nineties without fail, following the wise leadership of the great leader [yongdoja] Comrade Kim Chong-il.

We will further glorify the immortal achievements that the great leader Comrade Kim Il-song has registered by devoting his boundless energy and efforts for mankind's progress and peace and will strengthen solidarity and unity with the peoples of different countries of the world under the ideal of independence, peace, and friendship. Thus, we will actively contribute to achieving the cause of building a new peaceful and prosperous, independent world devoid of all sorts of domination and subjugation.

The road that we should travel is still long, and there are still many trials and difficulties lying on this road. However, as long as the great leader Comrade Kim Chong-il stands at the head of the revolution and as long as there is the single-hearted unity of all the people, including the heroic working class, who are boundlessly loyal to the party and the leader [suryong] and who firmly rally around their leader [yongdoja], the future of the revolution will be optimistic and we will surmount any difficulties and will brilliantly consummate to the end the chuche revolutionary cause pioneered by the great leader [suryong], the popular, mass-centered socialist cause.

Even though the great leader Comrade Kim Il-song has departed from us, the respected and beloved leader's noble, revered name and his benevolent image will be kept in the minds of our people and will become the (?immortal) banner which leads us to victory and happiness. All of the fatherly leader's lifetime intents and desires will be brilliantly brought into full bloom eternally.

Choe Tae-pok Addresses Service

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[Memorial address by Choe Tae-pok, secretary of the Central Committee of the Workers Party of Korea, at the central memorial service on the first anniversary of Kim Il-song's death at Pyongyang Indoor Stadium on 7 July — live]

[FBIS Translated Text] Comrades:

Today, on the first anniversary of the death of the great leader Comrade Kim Il-song, all our party members and working people feel an irresistible yearning and boundless admiration for the leader, looking up to the fatherly leader's benevolent and godly image.

All party members and working people across the country have impressively demonstrated the eternal and perfect unity between the great leader Comrade Kim Il-song and our people for the past year since the fatherly leader left us. They have also warmly demonstrated our party and people's revolutionary faith and will to complete the chuche revolutionary cause, the socialist cause, being united single-heartedly around the great leader [yongdoja] Comrade Kim Chong-il according to the teachings left by the respected and beloved leader.

Our party members and working people recalled with deep emotion, that they had walked along the single road of victory and honor under the great leader's leadership in those days, and deeply realized the great national dignity and happiness in upholding the respected and beloved Comrade Kim Il-song as their leader.

The great leader Comrade Kim Il-song was a great benefactor of national rehabilitation, who launched onto the road of revolution at an early age with the patriotic will to save the people from misery with the lofty idea of serving the people as heaven, and to retrieve the lost country for our people. He was the progenitor of socialist Korea who built the paradise of happiness in the fatherland, where the people's independent and creative lives bloom; and was the benevolent father who enabled all our people, including the working class, to demonstrate their honor as the most respected and dignified people.

Because it upheld the great leader Comrade Kim Il-song, our party has become the most authorized and revolutionary party of the working class that victoriously leads the revolution and construction under the banner of the immortal chuche idea. Our fatherland has become a strong socialist country of independence, self-reliance, and self-defense, and our people are the happiest people blessed with genuine leaders.

Now, all party members and working people are overflowing with the firm determination to bear deep in mind, generation after generation, the immortal achievements and broad-as-heaven benevolence of the great leader Comrade Kim Il-song — who wisely led our people's huge struggle for the national sovereignty, independence, and socialism for over 80 years and firmly prepared valuable revolutionary assets and all bases for the completion of the chuche cause and eternal prosperity of the nation — and to even more stoutly struggle along the single road of revolution pioneered and led by the leader.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out: We should always invariably cherish our loyalty toward the leader [suryong] and should consummate, to the end, the revolutionary cause pioneered by the leader [suryong] through generations.

Eternally upholding respected and beloved Comrade Kim Il-song as the leader of our party and revolution is the strong revolutionary conviction and will of all the party members and working people. We will cherish deep in our hearts the faith that the great leader Comrade Kim Il-song always stands at the head of our party and is with our people for good and all, and will hold him in high esteem with warmer loyalty and sense of obligation than when he was alive.

The Workers Party of Korea [WPK] is a party that breathes with and is moved by the revolutionary ideas of the great leader Comrade Kim Il-song. In addition, it is a party that marches ahead and struggles, regarding the tradition of the revolution and the revolutionary accomplishments achieved by the leader as its sole blood lineage and the source of boundless vitality.

We will take all the valuable legacies of idea, theory, and method established and left by the great leader as the permanent guiding idea, theory, and method of our party; realize the objective of imbuing the entire party and society with the chuche idea; and faithfully carry forward, to completion, the revolutionary tradition of chuche and immortal revolutionary feats prepared by the leader [suryong] so as to strengthen and develop our party and country into the party and country of Comrade Kim Il-song forever.

Under the raised slogan of "We serve the people," all of our party organizations should strengthen the single-hearted unity of our revolution's ranks in every way by thoroughly embodying the great leader's idea on "Believing in the people as in heaven" and our party's politics of benevolence and all-embracing politics. Thus, we will make the WPK a true guide, protector, and representative that takes responsibility for and looks after the popular masses' destiny.

Under the banner of the theory of ideology that idea decides everything, our party will consistently carry through the principle of giving priority to ideological work and will push ahead with the revolutionary struggle and construction work, giving full play to the ideological power of the party members and the popular masses and steadily building up the foothold of the socialist ideology. Thus, our party will firmly defend the socialist cause of chuche and brilliantly consummate it in any storm.

More properly upholding the respected and beloved Comrade Kim Chong-il and uniting around him is the great leader Comrade Kim Il-song's behest, and it is also the solemn demand of the times and the revolution.

Keeping in mind the firm faith that the great leader Comrade Kim Il-song is precisely the great leader Comrade Kim Chong-il and that the great leader Comrade Kim Chong-il is precisely our party, all of our party members and party organizations will firmly establish in the entire party, the party Central Committee's unitary leadership system with Comrade Kim Chong-il as the center and will uphold and follow with loyalty the respected and beloved Comrade Kim Chong-il's ideology and leadership which are the ever-victorious banner of our revolution and the fundamental guarantee for boundless grandeur and prosperity of our fatherland.

Entrusting our destiny to the great leader Comrade Kim Chong-il, who is the destiny and future of of our fatherland and the revolution, we will resolutely defend the center of our unity, the center of leadership, and, thus, will staunchly traverse the single road of the revolution led by Comrade Kim Chong-il with a single mind.

Properly carrying out socialist construction is a most important task that our party faces in consummating the chuche revolutionary cause today. We will see to it that the whole society is filled with the working class' revolutionary fighting spirit and mettle by strengthening the party's guidance to economic work and will thoroughly implement the party's revolutionary economic strategies by accelerating the general march of socialism. Thus, we will realize, without fail, the fatherly leader's lifetime will to further promote the people's standard of living.

The task we are faced with today is difficult and broad, and the maneuvers by the imperialists and reactionaries have become more unscrupulous. However, with the great leader Comrade Kim Chong-il's experienced and tested leadership and the firm, single-hearted unity of the entire party, all the people, and the entire Army with Comrade Kim Chong-il as the center, there will be no task that we cannot fulfill and there will be nothing to fear.

Standing at the head of the advancing ranks with the red flag unfurled, our WPK members will be deeply aware of their mission assigned by the times today and open the road that advances toward revolution, while surmounting all sorts of difficulties. Activating the masses' strength and, thus, effecting great upsurges in socialist construction, our party members will also greet the 50th anniversary of the party's founding as a great festival of victors. In this way, our party members will firmly adhere and add luster to the socialism of our own style provided by the fatherly leader.

Solemnly vowing to uphold and keep the noble features of the fatherly leader deep in their minds, to firmly rally around the great leader Comrade Kim Chong-il, to consummate the chuche revolutionary cause under the banner of the WPK, and to expedite the cause of national reunification without fail, our party members and the working people respectfully wish the respected and beloved leader Comrade Kim Il-song, the great father of our party, state, people, and nation, an eternal life with most pure and warm respect and ardent desire.

Speech Made by Kim Chong-kak

SK0807090295 Pyongyang Korean Central Broadcasting Network in Korean 1105 GMT 7 Jul 95

[Speech by Kim Chong-kak, vice minister of the People's Armed Forces, on behalf of the officers and men of the Korean People's Army at the central memorial service on the first anniversary of Kim Il-song's death held at Pyongyang Indoor Stadium — live]

[FBIS Translated Text] Comrades: One year has passed since the great leader Comrade Kim Il-song — whom our people and the officers and men of the People's Army upheld and enthusiastically revered as the lodestar of their destiny and the sun of their life — bade his last farewell to all of us amid the boundless mourning of all the people of the world.

The last year, which has passed in our heart-piercing adoration for the fatherly leader who departed from us with the greatest state funeral ever in history, has been composed of days when all our people and officers and men of the People's Army felt even more keenly, deep in their hearts, how great a leader they were blessed with and what a blessing they had by upholding the leader.

As all the world's progressive mankind that has cherished the memory of the great leader with boundless reverence for the past year consistently acknowledges, our leader was a peerless great man who was the greatest in ideology, the greatest in leadership, and the greatest in high moral repute.

As the saying goes — "An outstanding great man gives birth to a great people rather than a great country giving birth to a great nation" — because our people had a peerless great man like the respected and beloved Comrade Kim Il-song as their leader, they became a great people having the most powerful revolutionary party and a strong prosperous socialist state, ever-victorious revolutionary armed forces, and a dignified people with independent spirit and strong unity.

In fact, it is unthinkable without the great leadership of the respected and beloved leader, the unequalled great man, that our people and our inexperienced revolutionary armed forces could have made amazing successes by winning two revolutionary wars against the Japanese imperialists and U.S. imperialists and crushing the imperialist reactionaries' maneuvers for aggression and challenge at every step, thus adding luster to the chuche Korea as an exemplary socialist country.

Truly, the respected name of the great leader Comrade Kim Il-song has always been the symbol of the victory of our revolution, the source of the ever-victorious strength, and the banner of heroic exploits. Because they learned this precious truth deep in their hearts in the practice of the arduous struggle, the anti-Japanese revolutionary fighters cut their way through the enemy with the invariable conviction that they would always be victorious as long as they had the comrade commander, and the officers and men of the People's Army dared without hesitation to charge the enemy's fire laying down their youth and lives with the revolutionary optimism that as long as they had the great leader at their head, they were assured of victory. With the resolve that they can occupy any impregnable fortress as long as they follow the leader's ideology and teachings, all our people displayed unequalled heroism and became the creators of miracles and exploits overcoming manifold difficulties.

Our people — who enjoyed the great blessing of having a leader by upholding the great Comrade Kim Il-song for nearly 70 years — now uphold the respected and beloved Comrade Kim Chong-il, a peerless great man, as their great leader [widaehan yongdoja], thus having the greatest honor of enjoying the blessing of a leader successively unprecedented in the world. Because of this great fortune, although the fatherly leader has passed away, the chuche lineage is firmly adhered to in our country, and the glory and honor of the great Kim Il-song nation, the chuche Korea, radiate generation to generation, unfolding an exuberant reality in which the entire party membership, all the people, and the entire Army vigorously carry out the completion of the chuche revolutionary cause, crushing all sorts of enemy's challenges with the might of wholehearted unity.

In our People's Army, everyone — from the old anti-Japanese revolutionary fighters to the young soldiers — praises the respected and beloved Comrade Kim Chong-il as the bright Paektu star and the wise great man, and reveres the respected and beloved Comrade Kim Chong-il — who is exactly like the respected and beloved leader in all characteristics and extraordinary traits — as the greatest commander in the world.

The respected and beloved Comrade Kim Chong-il is the great Comrade Kim Il-song, and as long as we have General Kim Chong-il, we will be ever-victorious — this is the firm conviction and will that have taken root deep in the hearts of our officers and men of the People's Army through the practice of the protracted revolutionary struggle. Cherishing this invariable conviction, our People's Army will loyally uphold the leadership of the respected and beloved comrade supreme commander, according to the behest of the great leader, the founding father of the country, and strongly guarantee the completion of the chuche revolutionary cause with guns.

The great leader Comrade Kim Il-song taught: I firmly believe that as you have firmly trodden the road of the revolution upholding me, you will loyally and wholeheartedly uphold Comrade Kim Chong-il and wage a vigorous struggle for socialist construction and the country's reunification.

The respected and beloved supreme commander Comrade Kim Chong-il is the destiny and future of our country and nation, and a symbol of all victories and glory. In the confrontation with the enemy, the success and failure of our revolution depend on how we defend the supreme brain behind our revolution as the loyalists in the anti-Japanese revolutionary struggle protected and defended the headquarters of the revolution at the cost of their lives in the days of the anti-Japanese war.

No matter how fierce a wind may blow and no matter how the situation may change, our People's Army will firmly and wholeheartedly trust in the respected and beloved general, unite around the general, and resolutely defend the respected and beloved comrade supreme commander by becoming guns and bombs at the forefront of the revolution.

We will more firmly establish the respected and beloved comrade supreme commander's army-commanding system in the People's Army so that the entire Army will absolutely obey only the orders of the comrade supreme commander and loyally uphold the comrade supreme commander's ideology and leadership with the revolutionary soldiers' spirit of cutting through the sea of fire if the comrade supreme commander tells them to do so.

Under the circumstances in which the imperialists and the international reactionaries have not discarded their ambition to isolate and crush our Republic, the fortress of socialism, and are committing reckless provocation maneuvers, it is particularly important to strengthen our military power in every way. We will consistently adhere to the party's military line and thoroughly prepare for combat, so that if the enemies dare to perpetrate provocations against us, we will inflict a resolute punishment on them and firmly defend the dignity and sovereignty of the chuche Korea.

On this solemn occasion, when our people are firmly resolved to uphold the great leader as the eternal sun of chuche forever and to fulfill the chuche revolutionary cause under the leadership of the respected and beloved comrade supreme commander, I solemnly swear on behalf of all the officers and men of the People's Army with their iron-firm faith and will that our People's Army will fulfill its honorable mission and duty as the main force for the completion of the Korean revolutionary cause by invariably keeping up its glorious tradition of loyalty and wholehearted unity.

Choe Yong-hae, Ho Chong-man Speak

SK0707163895 Pyongyang KCNA in English 1628 GMT 7 Jul 95

["Speeches at National Memorial Service" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — Representatives of the Workers' Party of Korea [WPK], officers and men of the Korean People's Army, youth and students and the chief vice-chairman of the Central Standing Committee of the General Association of Korean Residents [Chongnyon] in Japan made speeches at the solemn national memorial service held solemnly at the Pyongyang Indoor Stadium today on the first death anniversary of the great leader President Kim Il-song.

On behalf of the Workers' Party of Korea, Choe Tae-pok, alternate Politburo member and secretary of the WPK Central Committee, said:

Over the past one year after the death of President Kim Il-song all the party members and other working people across the country fully demonstrated that Comrade Kim Il-song and our people form a harmonious integral whole which is inseparable forever.

They also fully manifested the revolutionary faith and will of our party and people to bring to completion the chuche revolutionary cause, the socialist cause, rallied close around the great leader Comrade Kim Chong-il in one mind, true to the behests of President Kim Il-song, he said, and continued:

It is the settled revolutionary faith and will of all our party members and people to hold respected Comrade Kim Il-song in high esteem as the leader of our party and revolution forever through all ages.

We will cherish deep in our hearts the faith that the great leader Comrade Kim Il-song always stands at the head of our party and is with our people for good and all, and will hold him in high esteem with warmer loyalty and sense of obligation than when he was alive.

We will take the valuable legacies of idea, theory and method established and bequeathed by Comrade Kim Il-song as the permanent guiding idea, theory and method of our party, realise the objective of modelling the whole party and society on the chuche idea and faithfully carry forward the revolutionary traditions of chuche and imperishable revolutionary feats performed by him so as to strengthen and develop our party and state into Comrade Kim Il-song's party and state forever.

Our party will consistently carry through the principle of giving priority to ideological work under the unfurled banner of the theory of ideology that idea decides everything, push ahead with the revolutionary struggle and construction work by giving full play to the ideological and mental power of the party members and the popular masses, steadily build up the foothold of the socialist ideology and thus firmly defend the socialist cause of chuche and accomplish it creditably in any storm.

All our party members and party organisations will cherish deep in their hearts the firm faith that Comrade Kim Il-song is precisely Comrade Kim Chong-il and the great Comrade Kim Chong-il is our party, establish within the whole party the firm monolithic leadership system of the party Central Committee headed by Comrade Kim Chong-il and uphold with a single heart of loyalty and filial piety the idea and leadership of respected Comrade Kim Chong-il, an ever-victorious banner of our revolution and a basic guarantee for the eternal prosperity of our country.

On behalf of the officers and men of the Korean People's Army, Colonel General Kim Chong-kak said:

As they were led by respected Comrade Kim Il-song, a peerless great man, our people have become a great people with the most powerful revolutionary party, prosperous and powerful socialist country and ever-victorious revolutionary Armed Forces and a dignified people strong in the spirit of independence and unity.

Our people, who had been blessed with an illustrious leader under the leadership of the great Comrade Kim Il-song for nearly 70 years, are blessed with another illustrious leader by having their great leader in the person of respected Comrade Kim Chong-il, a peerless great man. This is the highest honor ever in the world.

For this great fortune, though the fatherly leader Comrade Kim Il-song passed away, the lineage of chuche has been firmly kept, the glory and dignity of chuche Korea, the great Kim Il-song nation, have come to shine down through generations and the whole party, all the people and the whole Army are steadily accomplishing the chuche revolutionary cause, smashing all the challenges of the enemies with the might of singlehearted unity in our country.

Respected Comrade Kim Chong-il is the great Comrade Kim Il-song and we will always emerge victorious as guided by General Kim Chong-il. This is a steadfast faith and will which have rooted deep in the hearts of our officers and men of the people's army through the practice of the long revolutionary struggle.

Our people's army with this invariable faith will firmly guarantee the accomplishment of the chuche revolutionary cause with arms, upholding the leadership of the respected supreme commander with loyalty, as intended by Comrade Kim Il-song, the father of the nation.

No matter what storm may blow and no matter how the situation may change, our people's army will firmly believe in the respected general in one mind and become rifles and bombs to defend him in the forefront of the revolution at the risk of their lives, united around him.

We will make full preparations for a fight according to the party's military line and thus deal a decisive blow to the enemy if it dare commit provocations against us, and firmly defend the dignity and sovereignty of chuche Korea.

Speaking on behalf of the youth and students, Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth [LSWY] of Korea, said respected Generalissimo Kim Il-song, a peerless great man whom the Korean people acclaimed for the first time in the national history spanning five thousand years, was a great teacher and a tender-hearted father of our youth and children.

He continued:

Though Generalissimo Kim Il-song, who pioneered the Korean youth movement and led it to a brilliant victory, parted with us, our youth and children of chuche Korea will take a road of loyalty to accomplish his revolutionary cause, cherishing his great image in their hearts forever.

The officials of the LSWY and youth and children will keep a pledge of faith they took before the bier of the leader and become eternal satellites of Paektu lodestar to uphold the idea and leadership of the great General Kim Chong-il with loyalty.

Our youth and children will become eight million rifles and bombs and 16 million hand-grenades to defend the great General Kim Chong-il at the risk of their lives and the LSWY officials will become the first round of them so as to give full play to the honor of being his powerful reserve combat unit.

Chief Vice-chairman of the Central Standing Committee of Chongnyon Ho Chong-man, in his speech, said: The respected leader Generalissimo Kim Il-song, with top authority and dignity as the leader among leaders who is standing in the first place in the great men's rank of humankind, performed the great feats over 80 odd years, which had not been done by any great man.

Having respected General Kim Chong-il is the greatest fortune and pride of our Kim Il-song nation in the sacred struggle for the chuche cause glorifying the cause of the great Kimilsongism, and a true way of holding Generalissimo Kim Il-song in high esteem for all ages lies in esteeming and upholding the general well.

As earnestly intended by Generalissimo Kim Il-song, we will uphold the respected general with loyalty, firmly consolidate Chongnyon into a patriotic organisation of chuche remaining loyal to him, always share destiny with the socialist homeland in the rain or snow and put heart and soul into the patriotic work for the prosperity and development of our country, our motherland.

With a heroic resolve we will unite 700,000 Koreans in Japan as one rank under the banner of great national unity and open a decisive phase in the struggle for national reunification.

Foreign Ship Crews Honor Memory

SK1007053395 Pyongyang KCNA in English 0500 GMT 10 Jul 95

[FBIS Transcribed Text] Pyongyang, July 10 (KCNA) — Crew of foreign ships Friday held a memorial service at Nampo port on the west coast of Korea on the first death anniversary of the great leader President Kim Il-song.

Attending the memorial service were crew of the Chinese-flagged ship "Li Hai 101", the Singaporean-flagged ship "Iarko," the Panamanian-flagged ships

"White Lucky" and "Phoenix 2" and the Indonesian-flagged ship "Elang 8".

The participants paid a silent tribute to the memory of President Kim Il-song.

At the memorial service the speakers were unanimous in saying that the whole life of the respected leader President Kim Il-song was that of a great man, which was devoted to the freedom and independence of the country, the happiness of the people, world peace and friendship among the peoples.

His Excellency President Kim Il-song was an elder statesman of the world and the most distinguished leader of the progressive people of the world and the accomplishment of peace cause, they said, adding: The great exploits of respected President Kim Il-song, who devoted his all solely to the happiness of the people, national reunification and prosperity and human cause of independence, will remain long in the hearts of the world people.

Foreign ship crew met to hear the virtues of President Kim Il-song at Hungnam port on the east coast of Korea on July 5 on his first death anniversary.

Participating in the meeting were crew of the Belize-flagged ship "Korpen-No.2" and the Honduran-flagged ship "Cosmosta 38".

Letters to the great leader Comrade Kim Chong-il were adopted at the memorial service and meeting.

Reportage on 8 Jul Ceremonies Honoring Kim

Kim Il-song Lies in State

SK0807043995 Pyongyang KCNA in English 0424 GMT 8 Jul 95

["'Kumsusan Memorial Palace' Opened to Public" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 8 (KCNA) — "Kumsusan Memorial Palace," where the great leader President Kim Il-song is preserved in state, was opened to the public today with a solemn ceremony.

The great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army [KPA], attended the ceremony.

He cut a red tape in front of the palace to declare at home and abroad the inauguration of the "Kumsusan Memorial Palace."

Comrade Kim Chong-il, accompanied by Premier Kang Song-san, Vice-presidents Yi Chong-ok, Pak Song-chol, Kim Yong-chu and Kim Pyong-sik and other senior party and state officials, expressed tribute toward the statue of President Kim Il-song standing in the entrance hall of the palace in deepest reverence.

He went up the stairs and entered the hall where President Kim Il-song is preserved in state.

President Kim Il-song is laid in state, covered with a red flag.

Comrade Kim Chong-il, together with the senior party and state officials, made a bow to President Kim Il-song in deepest reverence.

People of different social strata and South and overseas Koreans made a bow to President Kim Il-song in deepest reverence.

As Comrade Kim Chong-il appeared on the platform of the palace, accompanied by senior party and state officials, the ceremony began.

The plaza of the palace was crowded with tens of thousands of people in all walks of life.

The participants in the ceremony observed a moment's silence in memory of President Kim Il-song.

Choe Kwang, Politburo member of the Central Committee of the Workers' Party of Korea and chief of the general staff of the KPA, upon the authorisation of Comrade Kim Chong-il, made an address at the ceremony.

Choe Kwang Speaks at Ceremony

SK0807124495 Pyongyang Korean Central Broadcasting Network in Korean 0109 GMT 8 Jul 95

[Speech by Choe Kwang, member of the Political Bureau of the Workers Party of Korea Central Committee and chief of the General Staff of the Korean People's Army, at a ceremony to mark the opening of Kumsusan Memorial Palace in Pyongyang — live]

[FBIS Translated Text] [applause] Comrades and citizens of Pyongyang: Today the warm sense of reverence by all the people across the country is being focused on this place — the supreme sacred site of chuche. Amid this situation, we are holding a ceremony to mark the opening of Kumsusan Memorial Palace.

On the occasion of the first anniversary of the regrettable passing away of the great leader Comrade Kim Il-song, the founder and builder of our party, our state and our Army, and the father of socialist Korea, the opening of Kumsusan Memorial Palace amid the great interest of all party members, officers, and men of the People's Army, and people, is a very significant event.

Upon the authorization of the great leader [yongdoja] Comrade Kim Chong-il, chairman of the DPRK National Defense Commission and supreme commander of the Korean People's Army [KPA], I will make a speech to mark the opening of Kumsusan Memorial Palace.

At this very moment, all of our people are painfully and sorrowfully recalling the time when a year ago we parted from the great leader [suryongnim] in tears before his spirit in this Kumsusan Assembly Hall. We cannot repress an ardent yearning for and a sense of warm reverence for the fatherly leader.

Kumsusan Assembly Hall is a historic place where Comrade Kim Il-song, the great leader of our party and people, stayed for a long time until the last moment of his life; led the works of the party and state, and made immortal achievements in our revolution and in the cause of global independence.

During the early days of the anti-Japanese revolutionary struggle, the great leader Comrade Kim Il-song developed the idea of national liberation under bonfires in Paektu forest and carried out the arduous struggle. In the early stage of national liberation, he led the building of the new fatherland while living in a small, inconvenient room. During the arduous days of war, he spent days and nights in a plain farmhouse and in a humid underground office, which was shaken by the boom of guns, and excellently commanded the armed forces.

The respected leader Comrade Kim Il-song led the revolutionary struggle and construction work of our people along the single road of victory by overcoming various difficulties and trials on the revolutionary road. Kumsusan Assembly Hall was built with the support of our party's noble sense of obligation to more satisfactorily uphold the leader [suryongnim] so as to reduce his pains and toil and of the sense of pure loyalty by the entire people. Kumsusan Assembly Hall is a glorious, revolutionary, holy place where sacred traces of the leader's leadership vividly remain.

At this place the respected and beloved leader Comrade Kim Il-song deeply analyzed with his sharp insight all problems, small and large, arising in carrying out the cause of socialist construction and national reunification and the cause of making the world independent, personally guided important conferences, wrote and published scientific and revolutionary lines and policies, and, thus, unfolded the great politics of loving the people.

At this place the great leader Comrade Kim Il-song warmly received our working people of all strata, including the working class, soldiers of the People's Army, youth, students, brothers from the South, and overseas compatriots, to bestow warm love upon them. Here, he also received high-ranking foreign figures, including party and state heads of different countries, delegates of foreign revolutionary organizations, and [word indistinct] and gave them valuable teachings.

Having respectfully built Kumsusan Assembly Hall, decorated with the great leader Comrade Kim Il-song's noble and glorious revolutionary activities, into Kumsusan Memorial Palace, laying the fatherly leader in state as he was while alive, and having made the Kumsusan area a supreme, sacred site of chuche is of great significance not only in our people's revolutionary struggle and political life, but also in carrying out mankind's common cause for independence.

With the building of Kumsusan Memorial Palace it has become possible for our people to visit the supreme sacred site of chuche, to uphold and follow the great leader as he was while alive, and to glorify the chuche revolutionary cause eternally amid the harmonious whole with the leader, while cherishing in their hearts the invariable faith that the leader is with us today, tomorrow, and eternally as in the past.

In the Kumsusan Memorial Palace a new chuche idea work hall that shows the whole aspect of the excellent ideological and theoretical activities of the great leader who created the guiding ideology, the guiding theory, and the guiding methods of the revolution in the era of independence with his brilliant wisdom and brilliant farsightedness will be built. Thus, all of the people will be able to extensively learn from and pass on generation after generation the leader's noble, ideological and theoretical achievements and his lofty leadership features and his noble, personal character.

With the building of the Kumsusan Memorial Palace the progressive people of the world, as well, will be able not only to further deepen their infinite trust in and reverence of the respected and beloved leader Comrade Kim Il-song, but also visit this supreme sacred site of chuche and to uphold in high esteem the great leader.

The great leader who lives eternally as the sun of chuche, together with the people, will become the symbol of all of our victories and glory in the future, too, as in the past. The leader's ideology, wisdom, features, and virtues will become not only the source that makes it possible for our revolution to be ever-victorious and invincible under any difficult circumstance, but also the common asset and immortal ray for all mankind. [applause]

Currently in various countries throughout the world, there are tombs and memorial buildings to praise and convey the historic achievements of great men and state leaders [yongdoja] who devoted their lives for their fatherland and people. However, there is no great memorial hall like Kumsusan Memorial Palace for all ages and in all places that is a deeply historic place which the state leader [yongdoja] used as his office for a long period of time while carrying out political activities. The leader who passed away here is preserved in eternal state and its sacred ground has been decorated rigorously, majestically, and completely, and is beyond comparison in its style, content, and scale.

Preserving the fatherly leader in an eternal state and making the Kumsusan district into a supreme sacred site of chuche are a lofty manifestation of the warmest loyalty and noble sense of duty toward the respected and beloved leader possessed by Comrade Kim Chong-il, the great leader [yongdoja] of our party and our people. [applause]

The respected and beloved Comrade Kim Chong-il's firm position and faith is to unchangeably highly uphold the great leader Comrade Kim Il-song as when he was alive and even after he passed away. [applause]

The great leader [yongdoja] Comrade Kim Chong-il, who led our party and people from the first period, consistently put forth the task on this earth of upholding the respected and beloved Comrade Kim Il-song — the great leader — whom our people highly upheld for the first time in the thousands years of of our history with the greatest, lofty conscience and integrity, and showed a brilliant example of loyalty and filial piety toward the leader. [applause]

From the grievous day in July of last year, the respected and beloved Comrade Kim Chong-il turned his greatest attention to the work of highly upholding the great leader in eternal state and devoted boundless sincerity and wholehearted energy to that task. Corresponding to the respected and beloved leader's outstandingly great human traits and immortal achievements, the great leader [yongdoja] Comrade Kim Chong-il changed the name of Kumsusan Assembly Hall to Kumsusan Memorial Palace and personally planned and initiated the magnificent decoration of the Kumsusan district as the supreme sacred site of chuche. He brilliantly elucidated the direction and method for its realization and visited this place scores of times, giving energetic and scrupulous guidance. [applause]

There is not a place where the great leader Comrade Kim Chong-il's scrupulous concern and guidance has not been extended — from the entire composition and details of Kumsusan Memorial Palace, the marble statue of the great leader's standing figure, its background and the engraved stones of the wall and floor, the color of the base stone, the red, glowing illumination for the ceiling, the elevated plaza outside the palace, and the electric wiring.

Kumsusan Memorial Palace is a sacred, grand palace of the revolution that embodies the great leader Comrade Kim Chong-il's great confidence in and warm love for our people. [applause]

The respected and beloved Comrade Kim Chong-il said that there are no people in the world equal to our people, who are loyal and excellent, and absolutely respecting the people's aspirations and wishes, he has been making boundless efforts to realize them most brilliantly.

After the respected and beloved leader passed away, the great leader Comrade Kim Chong-il appreciated the people's ardent adoration for the fatherly leader and their warm thoughts wishing the leader eternal life, and saw to it that Kumsusan Memorial Palace was built most excellently and that the fatherly leader was enshrined in the state of eternity forever. [applause]

Therefore, our people can enjoy the national glory of living and carrying out the revolution in the ties of kinship with the great leader, always looking up to Kumsusan Memorial Palace, the supreme sacred palace of chuche, along with Mangyongdae, the cradle of the revolution.

Truly, Kumsusan Memorial Palace is the supreme flower of the devotion the respected and beloved Comrade Kim Chong-il gave to the fatherly leader, reflecting the consistent aspiration and ardent wishes of our entire party membership, the entire Army, and all the people who wish to uphold and follow the great Comrade Kim Il-song as the eternal leader of our party and people and as the sun of chuche forever, and it is the noble crystal of the benevolent consideration he accorded our people. [applause]

Dwelling in the sacred work of building Kumsusan Memorial Palace is the devoted struggle and efforts of our outstanding soldier builders of the People's Army who came rushing in response to the party's call, with the clean loyalty and invariable will to enshrine the fatherly leader in the state of eternal life forever and to add luster to the leader's immortal, revolutionary achievements for generations to come.

Our soldier builders — who find the greatest happiness and pleasure of life in realizing the respected and beloved comrade supreme commander's idea and intent — registered brilliant, labor exploits cherishing deep in their hearts the burning loyalty and noble fidelity to the party and the leader and displaying the wisdom and bravery of the one-a-match-for-100 soldier working day and night, thus building the Kumsusan area excellently as the supreme sacred place of chuche within a short period of time.

All of our party members and people are deeply moved by this and highly praise their devoted struggle. [applause]

The immortal appearance of the peerless, great man unanimously admired by progressive people throughout the world, as well as Kumsusan Memorial Palace that eternally preserves the immortal ideology and achievements — the revolutionary relics that are heroically epical — are the symbol of the dignity of our Kim Il-song nation.

By cherishing deep in our hearts the great national dignity, we should highly uphold the great leader Comrade Kim Il-song as the eternal leader of our party and people and as the father of the nation. Also, we should brilliantly and endlessly achieve the glorious chuche revolutionary cause pioneered and led by the leader. [applause]

The great leader Comrade Kim Chong-il has indicated: The historic mission assigned to our party and people is to inherit and consummate, generation after generation, the chuche revolutionary cause pioneered and led by the great leader Comrade Kim Il-song. As elucidated by our party, for our people, the great leader Comrade Kim Il-song's ideology is the first. Also, the leader's achievement is the first. [applause]

For the Korean communists and our people who grew up in the bosom of the great leader Comrade Kim Il-song, it is their mission, the demands of their lives, and their consciousness and obligation to highly and eternally uphold him, who brought about today's glory, happiness, and brisk future for us.

Now, the world is deeply moved by and admires our people's clear and clean mind of loyalty and dutifulness, who uphold and follow the great leader in the high level of political stabilization, holding as its faith the very lofty view of communist morality sustained by Comrade Kim Chong-il, the great leader of our party and people.

We should always remember the glory of Korea that has victoriously embarked upon the ten thousands-ri of the revolution by highly upholding Comrade Kim Il-song as the leader, the greatest man in the national history of 5,000 years. Also, we should more highly uphold the fatherly leader than in the days when he lived. [applause]

The attitude toward the leader [suryong] who opened the beginning of the revolution and his cause constitutes a touchstone which discriminates between genuine communists and betrayers. By upholding the respected and beloved leader Comrade Kim Il-song, the great pioneer of the Korean revolution, and by being loyal to the leader to the end, we should rehabilitate the communist morality which has been thrown into disorder by these betrayers of socialism in the international communist movement. Also, we should highly demonstrate to the whole world the sacred revolutionary spirit and the best virtue of the Korean communists and people who are educated and grew up in the bosom of the party and the leader.

To our party and people, the respected and beloved Comrade Kim Il-song is an eternal teacher and benefactor who embraced them with immortal ideology and faith and accumulated the hundred million-year basis for the revolution's victory. [applause]

The future road of the revolution is being brilliantly elucidated by becoming the immortal torch of the chuche idea created by the great leader; the lofty achievements accumulated by the leader are shining as our revolution's unshakable cornerstone; and the leader's great faith and love watch over and take care of the people's fate. Therefore, the leader is always becoming the eternal pillar of all of our faith and pillar of mind. [applause]

All the party members, officers and men of the People's Army, and people must highly uphold the slogans of faith such as "The great leader Comrade Kim Il-song is eternally with us," and "Let us all the more thoroughly be armed with the great leader Comrade Kim Il-song's revolutionary ideology," which our party embraced, and vigorously advance by following only the one road of the revolution which the leader has walked.

We must adhere to the great leader Comrade Kim Il-song's revolutionary ideology — the chuche idea — as an eternal, guiding ideology of our revolution, and move forward. By doing so, we must resolutely advocate and adhere to the chuche revolutionary tradition and immortal revolutionary achievements achieved by the leader, and eternally elucidate it generation after generation. [applause]

All the party members, officers and men of the People's Army, and people must actively follow and learn the respected and beloved leader Comrade Kim Il-song's glorious and magnificent revolutionary history and lofty communist trait, who was not only an extraordinary politician who elucidated his life with the 20th century, but who was also a great man among great men, a great revolutionary, and a great man; must deeply bear in their hearts the leader's ideology and will; and live and fight faithfully as eternal sons and daughters of the leader. [applause]

Today, our revolution is developing vigorously toward a higher peak in socialism according to the refined leadership of the great leader [yongdoja] Comrade Kim Chong-il. [applause]

Highly upholding the great leader [yongdoja] Comrade Kim Chong-il's leadership, who is the most loyal successor of the chuche revolutionary cause and supreme commander of our revolutionary armed forces, is a fundamental guarantee for the eternal victory of our revolution in the future as it was in the past. [applause]

All the party members, officers and men of the People's Army, and people must deeply bear in mind the great glory and happiness of enjoying the leader's good fortune generation after generation; firmly establish the party Central Committee's leadership centering the whole party, the whole country, and whole Army on Comrade Kim Chong-il; and further strengthen the revolutionary regulations and order moving as one according to the party's ideology and leadership in all sectors and units of the revolution and construction.

We should totally entrust our destiny to the respected and beloved Comrade Kim Chong-il, the destiny and future of our country and revolution, defend our leader as a fortress and a shield for him, firmly trust Comrade Kim Chong-il wholeheartedly, and persistently keep up with the relay baton of the chuche revolution handed over by the great leader. [applause]

The entire party membership, all the officers and men of the People's Army, and all the people should persistently keep up the tradition of wholehearted unity around the leader created in the pioneering era of the Korean revolution, inherit it purely, more firmly unite in ideology, volition, morality, and fidelity around the respected and beloved Comrade Kim Chong-il, the center of the unity and leadership of our revolution, and vigorously accelerate the cause of our party, the chuche socialist cause, with the might of wholehearted unity. [applause]

We should arm ourselves firmly with the chuche socialist ideology and theory elucidated by the party, carry out all work persistently keeping up ideological work as a basic requirement. Giving definite priority to ideological work, we should more firmly solidify the socialist ideological position.

Today, we have an important task to make the masses maintain their high revolutionary spirit continuously and effect a new upsurge in the revolution and construction, accelerating the socialist general march to make our country, our fatherland, richer and stronger.

All the people, including the working class, which is the leading class of our revolution and the main force army of socialist construction, should become the guarantors of the heroic struggle and the creators of miracles and innovations in the socialist general march for the implementation of the great leader's behests under the slogan of loyalty "What the party decides, we will do," with the same fighting spirit and attitude with which our people waged a battle of grand socialist construction during the time of the Chollima upsurge with the high spirit of the speed battle after the war. With redoubled courage and confidence, we should make continuous advances in our struggle. By so doing, the entire country should beat the drum of the victory in the socialist general march, the drum of the revolution, persistently keeping up the red banner of the revolution, and make our working class and all the people, who are making daring advances, display high revolutionary spirit.

We must highly uphold the party Central Committee's slogan which called all the people toward a new heroic struggle and feat; resolutely overcome the difficulties and barriers we face with the revolutionary spirit of self-reliance and fortitude; work and live in a revolutionary way from a highly mobilized and tense state; and concentrate all strength on implementing the party's revolutionary economic strategy. By doing so, the upcoming 50th anniversary of the fatherland's liberation and the 50th anniversary of the founding of the Workers Party of Korea must be brilliantly pictured as the great festival of the victors. [applause]

Reunifying the fatherland as soon as possible is the great leader's behest and the nation's supreme task. We will highly uphold the three principles of great national unity of independence, peace, and reunification, and the banner of the 10-point program of great unity of the whole nation, which were elucidated by the respected and beloved leader Comrade Kim Il-song when he was alive, and vigorously accelerate the all-nation reunification grand march according to the great leader [yongdoja] Comrade Kim Chong-il's wise leadership, so that reunification can be achieved in the nineties without fail. By doing so, we must realize without fail the fatherly leader's lifetime desire. [applause]

We will deeply bear in our hearts the great leader Comrade Kim Il-song's boundless pains and lofty will. He devoted his life for man's progress and peace, and by further strengthening friendship and unity with the people of various countries of the world under the idea of independence, peace, and friendship, we must actively contribute to the cause to build a peaceful and prosperous, new, independent world where there is no subordination and domination.

Even though the great leader Comrade Kim Il-song has passed away, the leader's benevolent and sacred appearance and immortal revolutionary ideology will be eternally conveyed along with the supreme sacred site of chuche. It will be an invincible revolutionary banner that vigorously supports our party and revolution; and the fatherly leader will be preciously treasured in the minds of the people as the appearance of the sun, thus, he will be in an eternal state forever. [applause]

Let us all firmly unite around the party Central Committee centered on Comrade Kim Chong-il to highly uphold the great leader eternally who is the eternal symbol of victory of our revolution; pray for the leader's eternal state; and fight resolutely toward the revolution's new victory. [applause]

Yi Chong-ok Speaks at Banquet

SK0907101395 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 9 Jul 95

[Speech by Yi Chong-ok, member of the Workers Party of Korea, WPK, Central Committee Political Bureau and vice president, at a banquet hosted by the WPK Central Committee on the first anniversary of Kim Il-song's death held at the People's Palace of Culture in Pyongyang on 8 July — read by announcer]

[FBIS Translated Text] Today when all people across the country are commemorating the first anniversary of the great leader's death with boundless admiration and ardent yearning for the fatherly leader, we, who have gathered here with respected and beloved Comrade Kim Chong-il's kindred consideration, are filled with boundless, solemn sentiment.

Solemn functions have successfully taken place on the first anniversary of the fatherly leader's death under the careful leadership and great favors of Comrade Kim Chong-il, the great leader of our party and people. The entire course of these functions again emotionally showed how warm and noble a desire all party members, People's Army officers and men, and people have to admire and eternally uphold and follow the great leader.

Through these functions, all our people have come to cherish deeper in their hearts the unshakable belief that the great leader, who created the immortal chuche idea, the banner of our revolution's eternal victory, and who built the foundation of the revolution, which will not shake for billions of years, will be with us forever and live eternally with our revolution's victorious march. They have also further consolidated their firm resolve to uphold the great leader as the eternal leader of our party and people, the eternal father of the nation, and the sun of chuche for ages and complete the honorable revolutionary cause cultivated and led by the leader to the end.

The great leader has come to be with our people with the appearance which he had when he was alive, and he lives eternally in the hearts of our people. As a result, our party and people, as they did in the past, will also in the future uphold the fatherly leader as the symbol of all victories, honor, and the spiritual pillar, and will accelerate the chuche revolutionary cause in harmonious unity with the leader with a firm belief in a sure victory.

Throughout the days when these functions were held to commemorate the first anniversary of the great leader's death most solemnly, our people have also cherished deeper in their hearts the noble idea that as long as there is the great leader Comrade Kim Chong-il, who is perfectly identical with the respected and beloved leader in terms of ideology, insights, character, and virtue, the leader's revolutionary cause will be ever-victorious and invincible and that the future of our fatherland and people will be bright.

As we loyally pledged to the fatherly leader at the Kumsusan Memorial Palace, the supreme sacred hall of chuche, which opened today, we must resolutely defend and maintain and eternally glorify the immortal revolutionary ideas and valuable revolutionary achievements which the leader brought about throughout his life and more highly uphold the leader than when he was alive.

We must always cherish deep in our hearts the great leader's repeated warm behests, more highly uphold the great leader Comrade Kim Chong-il, the destiny and future of our fatherland and revolution, brilliantly inherit and complete the chuche revolutionary cause to the end under the respected and beloved general's wise leadership, and, thus, fulfill our honorable duty and noble, moral obligation as the fatherly leader's genuine sons and daughters and loyal revolutionary fighters.

We must always recall the noble pledge that we made at the altar for the leader after laying the fatherly leader in an eternal state, renew our determination, sincerely implement the policies presented by respected and beloved Comrade Kim Chong-il, and, thus, bring about innovations in our assigned guardposts and bring great upsurges in revolution and construction.

On this solemn occasion in which we have a more ardent admiration and yearning for the fatherly leader, with the warm loyalty and boundless admiration of the entire party, all the people, and the entire Army, I propose a toast for the eternal life of respected and beloved Comrade Kim Il-song, the eternal leader of our party and people and the sun of chuche; the long life and good health of the great leader Comrade Kim Chong-il, who is leading our party and Army and all the people to the single road of victory and honor; and the brilliant completion of the chuche revolutionary cause.

Army Services Honor Kim Il-song

SK0907090695 Pyongyang KCNA in English 0843 GMT 9 Jul 95

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — Memorial services were held solemnly at units of the Korean People's Army on July 8 on the first death anniversary of the great leader President Kim Il-song.

The participants paid a silent tribute to the memory of President Kim Il-song.

The speakers stressed that Comrade Kim Il-song defeated two formidable imperialisms with his iron will and matchless grit, outstanding military strategy and commanding art and built up a self-reliant national defence to beat back any imperialist aggressors and ensure the final victory of the revolution.

They said that the officers and men of the People's Army would hold the great Comrade Kim Il-song in high esteem through all ages as the eternal leader of the party and the people and the sun of chuche, true to their pledges made before his bier and discharge their duties as loyalists and filial subjects in defending his ideas and cause.

Pointing out that what is most important in accomplishing the revolutionary cause of chuche true to the lifetime intention of Comrade Kim Il-song is to hold the great leader Comrade Kim Chong-il in high esteem, they declared that all the officers and men of the People's Army would remain boundlessly loyal to the idea and guidance of the respected supreme commander, their destiny and future, and become bullets and bombs to defend him at the cost of their lives.

More on Kim Il-song Death Anniversary Functions

SK0907090795 Pyongyang KCNA in English 0825 GMT 9 Jul 95

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — Papers here today carry special write-ups with accounts of functions held on the first death anniversary of the great leader President Kim Il- song.

NODONG SINMUN devotes eight pages to them.

Under the title "Solemn Opening Ceremony of 'Kumsusan Memorial Palace' Where Comrade Kim Il-song, the Great Leader of Our Party and People, is Preserved in State", papers give a frontpage prominence to a report that the great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and Supreme Commander of the Korean People's Army, was present at the ceremony with senior party and state officials.

Printed in the press is a picture of Comrade Kim Chong-il cutting a red tape to solemnly declare at home and abroad the inauguration of "Kumsusan Memorial Palace". Papers carry a picture of the platform, a panoramic photograph of the opening ceremony and an inaugural address by Choe Kwang, Politburo member of the Central Committee of the Workers' Party of Korea [WPK] and chief of the General Staff of the Korean People's Army.

NODONG SINMUN prints a panoramic picture of the palace where President Kim Il-song is preserved in state, a picture of a hall where his statue stands and pictures showing parts of the inside and outside of the memorial palace under the bannerline title "'Kumsusan Memorial Palace,' Symbol of Dignity of the Kim Il-song Nation."

MINJU CHOSON and other papers also carry the same pictures.

Papers give photo-accompanied reports that Comrade Kim Chong-il respectively received Pak Yong-kil, widow of Rev. Mun Ik-hwan, who was a patriotic figure of South Korea for reunification, and the delegation of Koreans in Japan headed by chairman of Chongnyon [General Association of Korean Residents in Japan] Central Standing Committee Han Tok-su which came here to honor the memory of President Kim Il-song.

Also carried in the press is a photo-illustrated report that Comrade Kim Chong-il also received senior party and state officials and leading officers of the Army and anti-Japanese revolutionary fighters who participated in the opening ceremony of "Kumsusan Memorial Palace" and posed for a souvenir photograph with them.

Papers carry an account of a banquet given by the Central Committee of the Workers' Party of Korea on the first death anniversary of President Kim Il-song and a speech made by Yi Chong- ok, member of the Political Bureau of the WPK Central Committee and vice-president.

Given in the press are accounts of memorial services held in all provinces, cities, counties, at complexes and units of the Korean People's Army and a memorial evening of youth, school children and students in Pyongyang. Working people, soldiers of the Korean People's Army and youth and school children throughout the country, foreigners and Koreans overseas laid floral baskets before the statues of President Kim Il-song, says the press.

Papers inform the readers that foreign party, state and government leaders and parties sent floral baskets to the statue of President Kim Il-song standing at "Kumsusan Memorial Palace". Seen in the press are photographs of floral baskets sent by the Central Committee of the Communist Party of China, Iranian, Algerian, Palestinian and Guinean presidents, the Nigerian head of state, the Pakistani prime minister, the Central Committee of the Nepal Communist Party (United Marxism-Leninism) and the general secretary of the National Democratic Party of Egypt.

Given in the press is news that members of the Pyongyang mission of the National Democratic Front of South Korea [NDFSK] laid a floral basket in the name of the NDFSK Central Committee before the statue of President Kim Il-song on Mansu Hill and the Central Committee of the Communist Party of China, King of Cambodia Norodom Sihanouk, the president and the co- chairman of the World Peace Federation sent floral baskets to the Korean Embassy in China.

Foreign press media reported that the national memorial service and the opening ceremony of "Kumsusan Memorial Palace" were solemnly held on the first death anniversary of President Kim Il-song, says the press.

NODONG SINMUN carries news that a ceremony for hanging a portrait of President Kim Il-song was sponsored by the Sun Society of Nigeria, political party leaders of India gave answers to the questions raised by the director of the editorial board and a reporter of the Korean Central News Agency and German woman writer Ruise Rinser issued a statement to the press on his first death anniversary.

The paper introduces an article entitled "The Fatherly Leader Will Always Be With Us" which was carried by "CHOSON SINBO" under Chongnyon.

People Uphold Kim Il-song Behests in Production

SK0707152895 Pyongyang KCNA in English 1520 GMT 7 Jul 95

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — The Korean people gained great achievements in production and construction over the last year, upholding the behests of the great leader President Kim Il-song on bringing about a new upsurge in economic construction.

The field of coal mining industry increased a daily average output 29 percent in this period over the previous period.

The Supung and Hochongang power plants and other power stations produced a larger amount of electric power.

The east Pyongyang thermal power plant raised its daily average power production 10 percent.

Railway transport workers carried over 4,461,800 more tons of freight than the rated capacity in this period and switched over about 80 km long Hoeryong-Namyang link to electric traction in eight months.

In the same period 1.2 times as much freight as before was carried in the field of land transport.

Daily average output has been increased 50 percent in the field of light industry. Production of fertilizers increased two times in the field of chemical industry.

Great innovations were brought about in the metal and machine-building industries.

Working people across the country are energetically making continuous efforts to celebrate the 50th anniversary of the founding of the Workers' Party of Korea this year with their labour achievements.

Editorial Stresses Kim Il-song-People 'Unity'

SK1007142095 Pyongyang Korean Central Broadcasting Network in Korean 2320 GMT 7 Jul 95

[NODONG SINMUN 7 July editorial: "The Great Leader Comrade Kim Il-song and Our People are Perfectly United Forever"]

[FBIS Translated Text] The great line of the Korean revolution is being inherited brilliantly. The great leader Comrade Kim il- song, pioneer of the chuche revolutionary cause, passed away, but our revolution is vigorously advancing along the victorious single road indicated by the leader.

We mark the first anniversary of the great leader Comrade Kim Il- song's death in grand circumstances in which the entire party, the whole Army, and all people are accelerating the all-out socialist march by firmly uniting in a single mind and intent.

Overflowing with the feeling of boundless admiration for the great leader Comrade Kim Il-song, our people — including all party members, officers and men of the People's Army, and working class — loudly sing from the bottom of their hearts an immortal epic entitled "The Leader is With Us Forever" and run to Kumsusan Memorial Palace, the most sacred place of chuche. The great leader Comrade Kim Il-song exists in the Kumsusan Memorial Palace as he did during his lifetime.

Our people are now being warmly excited because they are able to see again the sacred image of the fatherly leader, whom they missed so much. Also, they extend all-people thanks to the great leader Comrade Kim Chong-il who has achieved the most elevated desire to uphold the leader with the appearance of eternal life.

Last year, the great leader Comrade Kim Il-song suddenly passed away after energetically conducting activities for the prosperity of the fatherland, the happiness of the people, and the victory of the chuche revolutionary cause throughout his 80-odd years. A great state funeral occurred for the first time in a long history of 5,000 years. Also, this was the greatest loss of our party, people, and progressive people throughout the world.

The great leader Comrade Kim Il-song was an ideological and theoretical genius, outstanding politician, and ever-victorious iron-willed brilliant commander, as well as the founder of the socialist Korea who brilliantly and victoriously led the popular masses' cause for independence under the banner of the chuche idea.

Thanks to the upholding of the great leader, our people — who experienced many sufferings — are able to become the most powerful and dignified independent nation. Our country — which is eclipsed on the world map — has become the chuche socialist powerful state that cannot be irritated by anyone else. Also, our era has taken pride in becoming an independent era for the popular masses to pioneer their destinies with their own might.

Our people are the Kim Il-song nation brought forth again by the great leader Comrade Kim Il-song. Our fatherland is the Kim Il-song Korea shined by the leader's leadership. Also, our era is the glorious Kim Il-song era pioneered and advanced by the leader's will. The great leader Comrade Kim Il-song is the eternal leader who lives eternally.

As was done in the past, the fatherly leader inspires us for the new struggle and victory, while existing today, tomorrow, and for good with the appearance of eternal life along with our people. Because of this, the perfect and harmonious unity between the leader and the people strongly forged and consolidated throughout the protracted and ardent struggle has remained immortal forever.

Today the reason for endlessly consummating the chuche revolutionary cause by upholding the great leader Comrade Kim Il- song as the eternal life is because we entirely uphold the great leader Comrade Kim Chong-il at the vanguard of our party and revolution.

For our party, Army, and people the respected and beloved supreme commander Comrade Kim Chong-il is just the great Comrade Kim Il- song. With each passing day, our people warmly feel the care of the fatherly leader from the respected and beloved Comrade Kim Chong- il's ideology, leadership, and virtue. Also, they are vigorously accelerating the all-out socialist march to endlessly consummate the leader's cause. Because the great leader Comrade Kim Chong-il exists, our people are firmly convinced that the leader lives immortally.

All party members, officers and men of the People's Army, and people are now making a resolute determination and iron-like pledge to endlessly consummate the chuche revolutionary cause by single- heartedly uniting around the respected and beloved supreme commander Comrade Kim Chong-il on the occasion of the first anniversary of the great leader Comrade Kim Il-song's death.

One year has passed in bloody tears since the great leader Comrade Kim Il-song parted from us. The last one year was an immortal year of history in which our people had vigorously fought on, bearing the feeling of absolute worship for the great leader Comrade Kim Il-song. During the days of this period, our people have firmly consolidated their faith indicating that the leader is with us forever, keenly feeling the great fortune and glory of the nation that upholds the respected and beloved Comrade Kim Il-song as the leader.

The last one year in which we had fought on by admiring the leader was a significant year in which the entire party, the whole Army, and all people were firmly united by turning sorrow into power, as well as the year of struggle and advance in which they had vigorously carried out the revolution and construction by firmly uniting around the supreme commander Comrade Kim Chong-il ten- thousand-fold. No electing function has been held in our country. But, there has never been any political vacuum or instability in our society during this period. Politics, economy, military, culture and all other things have been conducted properly. This is a wonderful fact that cannot be found in the history of all ages and countries.

Because the leader is great, the successor is great, and the people who trust in and follow the party and the leader are great, the Korean revolution was able to greet the historic turning point by overcoming the maximum sorrow.

Today's grand reality shows that the might demonstrated by the bloody link between the leader [suryong] and the people and between the leader [yongdoja] and the people is endless, and that this becomes a boundless source that makes it possible for our revolutionary cause to become ever-victorious, overcoming any trial. The period from the day the great leader Comrade Kim Il-song passed away up to now was significant days that clearly proved that the bloody link between the leader [suryong] and the people is immortal that cannot be parted by anything.

The great leader Comrade Kim Chong-il has indicated: Our people's consistent desire to eternally uphold the respected and beloved Comrade Kim Il-song as the leader of our party and revolution is the most sacred mind.

Since the day they upheld the great Comrade Kim Il-song as the leader, the revolutionaries and people in Korea have embarked upon the long road of the revolution, sharing the will and destiny with the leader. The blood link between the great leader [suryong] and our people is the perfect and harmonious unity in which they share their fate, as well as an organic body — the perfect and harmonious unity — that is united ideologically and faithfully. This perfect and harmonious unity will never change even though the world changes ten thousands times or the earth breaks.

The eternity of the perfect and harmonious unity between the great leader Comrade Kim Il-song and our people lies in the fact that all people absolutely adore and follow the leader, firmly trusting in him as the pillar of their mind. For the people carrying out the revolution, the leader is the eternal pillar of the mind to whom they entrust their destiny and future. The leader will live forever in the hearts of the people who are vigorously fighting on with a conviction and vigorous spirit by admiring his eternal life at any time and place.

Throughout the protracted period, our people have vigorously fought on by admiring the great leader Comrade Kim Il-song even in difficult or joyful times, absolutely believing in him. The great leader Comrade Kim Il-song was the savor and protector of destiny who led our people, totally assuming responsibility for their destinies. Also, he was the great father and the sage of the revolution who brought about the true life, might, vigorous spirit for all of our people.

Because the respected and beloved leader Comrade Kim Il-song was with us, our minds were firm and we felt secure. There was no confusion in our advance no matter what difficulties may lie on the road ahead of our revolution, and we were victorious whenever encountering powerful enemies.

The faith of our people, who fight while firmly believing in the great leader Comrade Kim Il-song as the pillar of their mind, has been more firmly deepened today. Gaining matchless strength and courage from the fatherly leader's benevolent image, and vigorously advancing toward a new victory in the revolution while upholding the leader's revered name as an ever-victorious banner, is precisely the noble feature of our people today.

As long as the absolute desire to believe in and follow the great leader Comrade Kim Il-song as the pillar of the mind and the sun of the faith hotly pulses in the people's hearts for generation after generation, then the singlehearted unity between the leader and people will be immortal, together with the nation of Kim Il-song.

The eternity of the unity between the great leader Comrade Kim Il-song and our people finds expression in that all the people struggle, taking the leader's revolutionary ideology as their only lifeline. The leader's ideology is a solid bond that unites the leader and people as one forever. Along with his great ideology, the leader is to live eternally together with the people who have been firmly armed with the leader's ideology.

For our people, the great leader Comrade Kim Il-song was the sun of chuche who elucidated the road our people should advance along by creating the immortal chuche idea. He was also the great teacher who led our people, holding their hand.

Thanks to the existence of the great revolutionary ideology, the chuche idea, our people have been able to live and struggle in a dignified manner as the masters of their own destinies; our revolution has been able to traverse a single road of victory without the slightest degree of failure or vicissitude; and our fatherland has been able to shine as the fatherland of the chuche idea in which the great guiding ideology of the times is created and embodied.

Without the great leader's revolutionary ideology, one can neither live nor carry out the revolution. This is our people's firm faith which has been deepened in their protracted struggle and life.

Today, our people struggle, upholding the revolutionary slogan "Let Us More Thoroughly Arm Ourselves With the Revolutionary Ideology of the Great Leader Comrade Kim Il-song" while taking the leader's revolutionary ideology as the invariable motto and faith. It is our people's inherent struggle to accept the great leader's revolutionary ideology as the purpose of their life and ideal; to find a correct road for their advance; and to advance the revolution and construction, taking the leader's ideology as their only weapon while breaking through all sorts of difficulties.

Only such people who struggle, taking the leader's revolutionary ideology as their only lifeline, can become great people who live and struggle together with their leader for eternity.

The eternity of the singlehearted unity between the great leader Comrade Kim Il-song and our people lies in that all people push ahead with the revolution and construction in the leader's style by adhering to the leader's behests.

Invariably carrying out the revolution as intended by the leader without the slightest degree of faltering at any time, not only before the leader died but also after his death, is precisely the noble obligation of those who carry out the revolution. Our people are the leader's fighters and followers who have grown up in the leader's bosom to be genuine revolutionaries. For us to carry out the revolution as intended by the leader and according to his style is synonymous with performing the lofty obligation as the leader's fighters and followers.

The road on which our people have traversed thus far, following the great leader, was dotted with so many severe sacrifices and so many unendurable difficulties and trials. However, our revolutionary fighters have carried out the revolution only in the leader's style, and have never set back even one step on this course.

The great leader Comrade Kim Il-song was a great revolutionary who devoted his all to performing the chuche revolutionary cause from the day he embarked on the road of the revolution to the last moment when his heart stopped. The world has never witnessed such a leader as our leader who put an end to his life after completely carrying out all possible causes. Whenever we think of the leader who passed away after carrying out energetic activities without a moment's rest, our hearts become hotter and we become more firmly resolved to realize the leader's lifetime desire to the end.

Our people's proud appearance is that they are vigorously advancing as one to implement the leader's behest with a higher revolutionary spirit and loftier sense of duty than when the leader was alive. Whether it is 100 years or 1,000 years, our people are honest people who pledge and fight to carry out the revolution according to the way of the leader by adhering to the great leader Comrade Kim Il-song's behest.

Even when our people unite, they single-heartedly unite centered around the Supreme Comrade Commander Kim Chong-il, which was the great leader's intention when he was alive; even when they carry out economic construction, they firmly adhere to the party's revolutionary economic strategy according to the leader's teaching. They actively struggle by regarding the leader's teaching as a fundamental guideline in all sectors and units.

Since there are loyal people who are bringing the leader's behest to full bloom with a brilliant reality, our revolution and construction are vigorously advancing according to the leader's will.

The period from the day the great leader Comrade Kim Il-song died up to the present was unforgettable because all party members, officers and men of the People's Army, and people all the more keenly felt the respected and beloved Supreme Comrade Commander Kim Chong-il's greatness and single-heartedly united around the leader [yongdoja] with one body and one mind.

The cause pioneered by the leader is succeeded and completed according to the leader [yongdoja]. The basis in succeeding the revolutionary cause is for the party, the army, and people to unite around the leader [yongdoja]. If the party is strong, the army mighty, and the people faithful, revolution and construction will advance victoriously, overcoming all storms.

The complete harmony of the entire party, the entire army, and all the people united around the leader [yongdoja] — here lies the decisive guarantee in the success of the revolutionary cause.

For the first time in history, the Korean revolution is a glorious revolution that brilliantly resolved the succession issue regarding leadership and unity. This great victory was entirely achieved by the leader's [yongdoja] farsightedness and the leader's [yongdoja] outstanding greatness.

From early on, the respected and beloved Comrade Kim Chong-il was highly elected at the top of the party and revolution according to the consistent intention and desire of our party and people. He is a great leader [yongdoja] possessed with a distinguished ideology and leadership as well as an outstanding character. In the process of leading our revolution during the past 30 years, the respected and beloved Comrade Kim Chong-il strengthened and developed our party into a party with a bright future that can succeed the revolutionary cause, and strengthened and developed our revolutionary armed forces into an army of the leader and an army of the party endlessly loyal to the party's leadership.

In this brilliant course, the great Comrade Kim Chong-il's leadership system and the system of the art of command were firmly established in our party and army. All the people came to endlessly have faith in and follow the leader [yongdoja].

Today, when we have lost the fatherly leader, we uphold the respected and beloved Comrade Kim Chong-il as the supreme commander and all the more keenly feel in our hearts how it was a great fortune for the party, the army, and people to single-heartedly unite and fight.

Today, due to the respected and beloved Comrade Kim Chong-il's natural disposition, outstanding capability, and immortal achievements prior to the revolution that no one can match, he receives infinite respect and the absolute faith of all party members, officers and men of the People's Army, and people as the great leader [yongdoja] of our party and people.

The respected and beloved Comrade Kim Chong-il and our people are linked with the unbreakable blood-tied relations; this relation of complete unity was elevated to a higher stage after the fatherly leader's death.

During the past year, all party members, officers and men of the People's Army, and people experienced in their hearts the loftiness of the respected and beloved Comrade Kim Chong-il's sense of duty toward the leader of the revolution, and have endlessly admired the leader [yongdoja].

The greatest mission of the leader's successor lies in highly preserving the leader in an eternal state. The leader must be preserved in appearance as when he was alive so that the leader's sacred image can be eternally preserved in the people's hearts. Here lies the leader's [yongdoja] utmost loyalty, filial piety, and most lofty sense of duty toward the leader.

Today, our people look to the lofty trait of the respected and beloved Comrade Kim Chong-il, who completely carried out the historic cause on highly preserving the great leader Comrade Kim Il- song as when he was alive at the utmost circumstance, and overflow with the endless pride and self-confidence of upholding the great leader [yongdoja].

It is the great leader Comrade Kim Chong-il that enabled us to enshrine the fatherly leader in the state of eternity forever in the most propitious site like Kumsusan, and it is also our Comrade Kim Chong-il that added luster to the Kumsusan Memorial Palace as the supreme sacred place of chuche in conformity with the expectations and yearning of the entire nation and progressive mankind.

The Kumsusan Memorial Palace is the climax of the loyalty, filial piety, and fidelity of the great leader Comrade Kim Chong-il. The entire country is filled with warm and boundless gratitude to the respected and beloved Comrade Kim Chong-il for having brilliantly realized the yearning of the entire nation and of the history of mankind to enshrine the fatherly leader forever.

By upholding the fatherly leader with even greater loyalty and filial piety than he did when the fatherly leader was alive, the great leader Comrade Kim Chong-il has shown the people of the world a vivid example as to how and with what political and moral outlook the communists should uphold their leader. From the noble trait of the respected and beloved Comrade Kim Chong-il, our people learn to cherish the truth of life which they cannot learn elsewhere.

It is the invariable belief of all our people that the way to uphold the respected and beloved Comrade Kim Chong-il with the warmest heart is the way to uphold the fatherly leader forever.

All party members, officers and men of the People's Army, and people have closely witnessed the greatness of the respected and beloved Comrade Kim Chong-il over the last year in resolutely defending and adhering to the revolutionary cause of the great leader Comrade Kim Il-song, and have totally entrusted all their destiny to Comrade Kim Chong-il.

Over the last one year, the internal and external situation of our revolution has never been smooth. Nevertheless, our own style of socialism has been ever-victorious, overcoming all sorts of historic trials thanks to the leadership of the respected and beloved Comrade Kim Chong-il who has an indomitable will and skillful leadership ability to turn misfortune into fortune.

It is the firm and invariable resolve and will of the respected and beloved Comrade Kim Chong-il to advance our revolution along the road pioneered by the leader, upholding the great leader's behests as a basic guideline of the revolution. It is the leadership trait of the respected and beloved Comrade Kim Chong-il to counter with revolutionary principles the blockage of this sacred road by the enemies of the revolution, and to break through difficulties with unmatched courage and bold operations.

Through actual life experience, our people have learned deep in their hearts that the wisdom of the respected and beloved Comrade Kim Chong-il is the far-seeing wisdom of the fatherly leader who elucidated the distant future of the revolution with his chuche insight, and that the leadership art of Comrade Kim Chong-il is the outstanding leadership art of the leader who unfolded the history of the great Chollima march in this land.

On the road of upholding the great leader Comrade Kim Il-song's ideology and cause, the respected and beloved Comrade Kim Chong-il and our people are one in ideology, aspiration, mind, and feeling. Respected and beloved Comrade Kim Chong-il's intent is our people's aspiration; Comrade Kim Chong-il's plan is our people's life objective. This great and wholehearted unity is the ties of kinship formed between the fatherly leader and our people. Herein is the fundamental source that enables the chuche lineage of our revolution to be carried on firmly.

Today, we have an important task to more firmly solidify the wholehearted unity that is inherited from generation to generation, and to fulfill the great leader Comrade Kim Il-song's revolutionary cause.

The great leader Comrade Kim Il-song taught: All functionaries must inherit the tradition of the wholehearted unity of our revolution and must make active efforts to further strengthen the unity and cohesion of the party and the revolutionary ranks centered around Comrade Kim Chong-il.

It is the earnest behest of the great leader Comrade Kim Il-song that the entire party membership, the entire Army, and all the people should firmly unite around the respected and beloved supreme commander Comrade Kim Chong-il and complete the chuche cause. In the unforgettable days when we last bade farewell to the fatherly leader one year ago, our people and the officers and men of the People's Army made a firm pledge to follow the respected and beloved Comrade Kim Chong-il forever, making this behest an absolute standard of life and a motto.

Our pledge, which we make on the first anniversary of the passing of the great leader, is the same as we made to the heaven and earth shedding tears of blood one year ago. We will treasure as life and resolutely adhere to the wholehearted unity with the great leader [widaehan suryong] and the great leader [widaehan yongdoja], and will fulfill the noble mission as the true fighters and faithful disciples of the leader.

Above all, we should uphold the slogan "The great leader Comrade Kim Il-song is with us forever," and brilliantly inherit the leader's ideology and cause. The everlasting life of the leader is the everlasting life of the people and the eternal victory of the revolution. Absolutely and firmly believing in and following the leader ensures the brilliant inheritance of the revolutionary cause and the bright future of the country and the nation.

The great leader Comrade Kim Il-song is the sun of chuche who elucidated the road for mankind to follow. As the sun is everlasting, so the leader lives forever with our people in the appearance of the sun.

All party members, officers and men of the People's Army, and people should cherish deep in their hearts the sacred figure of the great leader Comrade Kim Il-song, and should live and struggle vigorously.

We, the chuche-type revolutionaries, are the absolute worshipers of the great Comrade Kim Il-song. No matter how many times the world changes, we will believe in and follow the fatherly leader as the pillar of our mind and as the sun of our faith. Highly singing the song "The Leader Is With Us Forever," we will fulfill the Korean revolution.

The road we will follow, rain or snow, is the single road of chuche elucidated by the revolutionary ideology of the great leader Comrade Kim Il-song. No matter what wind may blow, no matter what adversity we may be placed in, we will not be ideologically shaken or ungratefully avoid the leader's ideology.

Upholding the slogan "Long live the great leader Comrade Kim Il- song's revolutionary ideology," and making the leader's revolutionary ideology our firm faith, we should add luster to the nation forever with the spirit of the Kim Il-song nation.

All party members and working people should implement the great leader's behests so they can further solidify the precious revolutionary heritage, which the leader provided us, devoting his life to it, as the lasting assets of the party and the revolution.

To firmly adhere to our great unity, the wholehearted unity between the leader and the people, we must resolutely protect and defend the respected and beloved supreme commander Comrade Kim Chong-il politically and ideologically, and at the cost of our life.

Our wholehearted unity is the unity centered around the leader, the unity to protect and defend the leader. The purpose of unity is to protect and defend the leader, and the might is highly displayed in the struggle to protect and defend the leader. We should protect and defend the leader, the center of our unity, at the cost of our lives. This is the way for us to maintain the wholehearted unity of the leader and the people forever, and to have the revolution victoriously advance as confirmed by the history of our revolution and the communist movement.

So long as the antisocialist maneuvers of the imperialists continue and the class struggle intensifies even further, we can never forget this precious truth of the revolution.

As the members of the accounting unit of the anti-Japanese revolutionary war protected and defended the great leader Comrade Kim Il-song at the cost of their lives, blocking the enemy's bullets with their chests, so must all functionaries, party members, and working people become the lifeguards and shock brigade that protect and defend the respected and beloved Comrade Kim Chong-il, our destiny and future, politically and ideologically, and at the cost of their lives.

All officers and men of the People's Army should become the guns and bombs that protect and defend the respected and beloved comrade supreme commander at the cost of their lives, and our youth should firmly prepare themselves to become 5 million guns and bombs as they pledged at the Eighth Congress of the League of Socialist Working Youth of Korea.

Today's reality, in which we inherit and complete the chuche cause upholding the great Comrade Kim Chong-il as the center of unity and the center of leadership, demands more than ever that our revolutionary fighters more firmly cherish faith and fidelity for the leader. Faith and fidelity is the life line of revolutionary fighters and a cornerstone for supporting the wholehearted unity of our revolutionary ranks. History shows that a crevice in faith and a change in fidelity leads to the disruption of the revolutionary ranks.

Revolutionary faith—this is a revolutionary constancy that can defend the dignity of being the leader's fighters and communists in whatever environment. It is also a resoluteness that moves endlessly toward the one road of the revolution without the slightest delay, even though one dies.

We must always remember the truth in life that the highly valuable life and highly valuable death of a revolutionary lies along the road of adhering to the revolutionary faith. The banner of faith that we must highly uphold yesterday and today is the red flag of the revolution. We must all the more highly sing the revolutionary song, letting the cowards go their way. We will defend the red flag and carry out the revolution to the end by following the great leader [yongdoja] Comrade Kim Chong-il.

We must follow and learn the revolutionary trait of the working class, which is endlessly loyal to the great leader [yongdoja], so that the high revolutionary and fighting spirit of the working class can overflow throughout the entire society.

A sense of revolutionary ethics—this is a clean communist conscience to devote everything to the leader's [yongdoja] love and faith and repay it to the end; it is a highly revolutionary consciousness to share the fate of the leader [yongdoja] when happy or when experiencing difficulties.

We must be genuine loyalists who unchangeably treasure the faith and confidence given by the great leader [yongdoja] Comrade Kim Chong-il until our last breath, and must become true revolutionary fighters following Comrade Kim Chong-il as the eternal sun and benefactor of life.

All functionaries and workers must always firmly defend the revolutionary posts entrusted by the great leader and the respected and beloved Comrade Kim Chong-il, and must establish a lucid view of life that dying in that road is a revolutionary duty.

Making the country and the fatherland all the more rich and powerful by highly upholding the great leader Comrade Kim Il-song's intention when he was alive is the rock-firm will of the respected and beloved Comrade Kim Chong-il.

The 80 glory-filled years of the great leader Comrade Kim Il-song filled was a great life in which he planned today's prosperous socialist Korea and devoted his life for our country and our fatherland. Our hearts, recollecting the fatherly leader's glory- filled life, warmly pulsate with the determination to endlessly elucidate our socialist fatherland into a chuche fatherland, filled with the leader's lifetime labor which is being called under the esteemed name of the leader.

The glory and dignity possessed by our fatherland and our nation during the great leader's generation must be all the more vigorously launched to the entire world during the era led by the respected and beloved Comrade Kim Chong-il. This is an honorable mission our generation faces before the era and before history.

We must firmly consolidate our country and our fatherland to become a strong invincible socialist country by manifesting dignity through self-dependence and prosperity through self-support, and by becoming mighty through self-reliant defense; to become a socialist paradise where the people's independent and creative lives flourish in full bloom; and to become a socialist fortress always embracing the hope and faith of the revolutionary people of our era.

All party members and workers must uphold the party Central Committee's slogans, must highly beat the drums of the revolution, and must further vigorously accelerate the grand socialist march.

The fatherland's reunification is a national historic cause which the fatherly leader worried about and exerted his utmost strength toward until the last moment of his revolutionary life. We can no longer delay the fatherland's reunification. All fellow countrymen of the North, South, and overseas must deeply bear in their hearts the lifetime teaching for reunification of the great leader, who is the sun of the nation, and must resolutely fight to achieve a breakthrough for reunification in the 1990's.

The Kumsusan Memorial Palace, where the great leader Comrade Kim Il-song is preserved in eternal state, is the beacon of hope and symbol of faith to the people who carry out the revolution, and is the greatest sacred ground of loyalty and filial piety.

When happy or experiencing a difficult situation, our people will always visit the Kumsusan Memorial Palace where the fatherly leader is, and will vigorously accelerate along the advanced road to complete the chuche revolutionary cause while looking up to the leader's lofty image.

If Mangyongdae is the hometown of the mind of our people and of the world's revolutionary people, a place where the sun of chuche has highly risen, then the Kumsusan Memorial Palace will radiantly illuminate as the supreme sacred site of chuche, a place where the eternal leader exists in the Korean revolution and in man's independent cause.

The great leader Comrade Kim Il-song calls us in the struggle to complete the chuche revolutionary cause through the appearance of the eternal state; the red flag of the revolution that is highly upheld and advanced by the great leader [yongdoja] Comrade Kim Chong-il is now being advanced as a strength for us.

Only victory and glory will shine forever along the future road of the Korean revolution, which is vigorously advancing under conditions in which the entire party, the entire army, and all the people are perfectly united around the respected and beloved Supreme Comrade Commander Kim Chong-il.

Kim Chong-il 'To Advance' Kim Il-song's Behests

SK0807103295 Pyongyang KCNA in English 1016 GMT 8 Jul 95

["'The Great Leader Comrade Kim Il-song and Korean People are Always in Perfect Harmony,' editorial of NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 8 (KCNA) — Papers here today carry editorials on the first death anniversary of the great leader President Kim Il-song.

In an editorial headlined "The Great Leader Comrade Kim Il-song and Korean People are Always in Perfect Harmony" NODONG SINMUN reads in part:

The period since Comrade Kim Il-song passed away was significant days which have clearly proved that the blood bonds between the leader and the people are immortal and unbreakable.

The great leader Comrade Kim Chong-il said:

"It is our people's unshakable will to loyally uphold the respected Comrade Kim Il-song forever as the leader of our party and revolution."

The blood ties between Comrade Kim Il-song and our people are a harmonious whole sharing the same destiny, one organism united ideologically on the basis of obligation. This harmonious whole will remain unchanged no matter how the world may change.

Comrade Kim Il-song was a saviour and defender of the destiny of our people, and the great father and a sage of revolution who gave all of them a true life, courage and fighting spirit.

As we were guided by respected Comrade Kim Il-song, we could feel strong and advance the revolution without slightest deviation. And we could win in the fight against any formidable enemies each time they pounced upon us.

As long as absolute worship of our people, who believe in and follow Comrade Kim Il-song as a mental support and the sun of faith, grows in their hearts down through generations, the harmonious whole of the leader and the people will be immortal with the Kim Il-song nation.

He was a great revolutionary who devoted his all to the accomplishment of the chuche revolutionary cause from the days when he embarked upon the road of the revolution to the last moment of his life.

There is no leader in the world as our leader who did all he could for the people all his life before passing away.

Ours is a faithful people who have pledged themselves to always make a revolution in the way Comrade Kim Il-song did, true to his behests.

By such a faithful people who are successfully fulfilling the behests of the leader, our revolution and construction are now being vigorously accelerated as intended by him.

The period since his death was unforgettable days when the entire party members, officers and men of the People's Army and people have united themselves around respected Comrade Kim Chong-il, the supreme commander, in one mind, cherishing his greatness deeper in their minds.

In the course of leading our revolution over last 30 odd years, Comrade Kim Chong-il has strengthened and developed our party into a party with a bright future which can carry forward the revolutionary cause, our revolutionary Armed Forces into the leader's Army, the party's Army which remains unfailingly loyal to the party's leadership.

Comrade Kim Chong-il and our people are linked by inseparable blood ties and these relationship of harmonious whole has reached a higher stage after the death of President Kim Il-song.

It is an unshakable determination and will of Comrade Kim Chong-il to advance our revolution along the road started by Comrade Kim Il-song with his behests as the fundamental guideline. When the enemy of the revolution blocks this sacred road, we counter it on the revolutionary principle, and if a difficult trial is laid on the way, we push it through with matchless grit and bold operation. This is the features of Comrade Kim Chong-il's leadership.

Comrade Kim Chong-il and our people are sharing the same idea, aspiration and feelings in realizing Comrade Kim Il-song's idea and cause.

The whole party, the entire Army and all the people should accomplish the chuche cause, united around Comrade Kim Chong-il. This is the earnest behests of Comrade Kim Il-song.

All the officials, party members and other working people should become lifeguards and shock brigades to firmly defend Comrade Kim Chong-il, our destiny and future, politically and ideologically and at the risk of their lives as the bodyguards of Comrade Kim Il-song defended him during the anti-Japanese revolution by covering him from the enemy's bullets.

The entire officers and men of the People's Army should become rifles and bombs to defend the respected supreme commander at the risk of their lives, and our young people should fully prepare themselves to be five million rifles and bombs as they resolved at the Eighth Congress of the League of Socialist Working Youth of Korea.

We should become true loyal subjects who invariably cherish in their minds the trust shown by Comrade Kim Chong-il to the last moment of their lives, and true revolutionary soldiers who hold him in great esteem as the eternal sun and savior of the life.

Comrade Kim Il-song is still encouraging us to the struggle for the accomplishment of the chuche revolutionary cause as he did in his lifetime and the red flag of the revolution held high by Comrade Kim Chong-il is pushing all of us forward with invincible strength.

Victory and glory are always in store for the Korean revolution which is vigorously advancing with the whole party, the entire Army and all the people united in one mind around Comrade Kim Chong-il.

South Korea

U.S. Seeks Increase in Share of USFK Upkeep

SK1007051995 Seoul TONG-A ILBO in Korean 10 Jul 95 p 2

[FBIS Translated Text] It was learned on 9 July that the United States requested the ROK to greatly increase its share of the upkeep for the U.S. Forces in the ROK [USFK]. At a meeting of the Status of Forces Agreement held on 28 July, the United States reportedly said: The ROK's share of the upkeep for the U.S. Forces in the ROK has increased by $40 million annually since 1993. Given the ROK's economic growth, this annual rate of increase must significantly rise beginning in 1996.

Defense Minister Comments

SK1007111395 Seoul YONHAP in English 1103 GMT 10 Jul 95

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — The United States is asking Korea to increase its share of defense cost and the country is considering a hike equivalent to price increase, Defense Minister Yi Yang-ho said Monday [10 July].

Testifying at the National Assembly, Yi said the United States has been demanding a level becoming of South Korea's economic growth.

"However, since our current 300-million-dollar share, too, is burdensome, we are considering an increase equivalent to price increase," he said.

Yi said he expects the issue of defense share could be resolved by the time this year's Korea-U.S. security consultative meeting opens.

On North Korea's latest military developments, the defense chief said North Korea has been improving battle preparedness even after the U.S.-North Korea agreement on nuclear issues.

"They have deployed modern weapons in the forward area, have been staging training exercises in an area whose terrain conditions are similar to those of the South, and has stockpiled more war materials," he said.

Minister Yi further said THE WASHINGTON TIMES report that "attempts were made to heighten tension along the truce line during the 1992 presidential election" was totally unfounded.

Korea asked the times to correct the report and the U.S. Forces Korea, too, issued a statement saying that the TIMES report based on an alleged interview with the U.S. Forces Korea commander was false, Yi said.

Impact of Possible U.S.-China Conflict Viewed

SK1007050995 Seoul SEOUL SINMUN in Korean 10 Jul 95 p 3

[Editorial: "Worrying Over Possible Bad Influence of U.S.-PRC Conflict"]

[FBIS Translated Text] Uncomfortable relations between the United States and China, aggravated by the United States allowing Taiwanese President Li Teng-hui to visit, have worsened even more. As a retaliatory measure against the U.S. action, China suddenly arrested Harry Wu, a Chinese-American engaged in the human rights movement, and will reportedly withdraw its approval of U.S. firms' investment projects in China, including contracts which have already been signed or are about to be signed soon. The United States is also reportedly considering countermeasures to the Chinese retaliation.

China recalled its ambassador to the United States on 17 June. Accordingly, the two countries have fallen into the very forlorn diplomatic situation of having relations without ambassadors. This is the worst diplomatic mishap between the two countries since they established diplomatic ties in 1979.

We cannot help but be concerned about how the conflict between the two countries, which has a great effect on the Korean peninsula, will influence us. We are concerned about the possibility that we will end up in bad shape just as an innocent bystander can get hurt in a fight. The uncomfortable relationship between the United States and China has its roots in the U.S. moves against China's rapid economic and military expansion following the collapse of the former Soviet Union, as well as in China's countermeasures.

The two countries are going through the worst trial since the 1972 Shanghai joint declaration. Some U.S. quarters are even suggesting "sanctions against China," but this does not seem that the United States will take immediate action to apply sanctions against China. There is little objective ground for a U.S. choice of sanctions against China.

However, the possibility of conflict and clashes between the two countries always exists, although it is not likely to explode immediately. We have to prepare to cope with such a possibility. We do not think the aggravation of U.S.-Chinese relations is desirable for stability of Northeast Asia. We hope the United States and China are aware that maintaining the stability of Northeast Asia coincides with their own interests, too, and that they are both responsible for stability in this region.

Anyhow, coping with the international situation is more important than doing nothing to prepare for it, and the best defensive measure is reconciliation and cooperation between South and North Korea. Efforts to restore the spirit of the South-North agreement are required.

Contract Precludes Power Plant Royalties

SK1007031595 Seoul YONHAP in English 0257 GMT 10 Jul 95

[FBIS Transcribed Text] Taejon, July 10 (YONHAP) — A nuclear technology transfer contract between South Korea and the United States precludes an American company from charging royalties when South Korea provides North Korea with Korean-standard nuclear power plants that are modeled after the American firm's design, an official of the Korea Atomic Energy Research Institute (KAERI) said Monday.

"The reason is that the technology transfer contract between KAERI and Combustion Engineering (CE) of the United States stipulates that the contract is governed by South Korean laws," he said. "The Constitution of South Korea clearly says that the whole Korean peninsula belongs to the Seoul government."

Providing two South Korean standard nuclear reactors to North Korea, therefore, does not constitute exporting the reactors to a third country, according to the official.

He said that KAERI has already discussed the matter with CE officials and that the CE officials affirmed that South Korea is not required to pay royalties.

According to the contract between KAERI and CE, KAERI has to pay 5 percent of the linear design price of Korean reactors, which are modeled after CE-system 80 reactors, and 4 percent of the reactors' construction costs in royalties to CE when exporting the Korean Standard Nuclear Power Plants (KSNP) to a third country.

The contract, however, expires in May 1998, the official said, adding that KAERI will not have to pay royalties to the American firm when exporting the KSNP to a third country such as China and Vietnam as KAERI does not expect it will sign any contracts to export KSNPS before that time, although negotiations are currently underway to conclude such contracts.

He also said that KAERI, the designer of the nuclear steam supply system which is the core of the nuclear power plant, and other Korean manufacturers and designers of nuclear plants have enough technology to complete the project without the help of foreign firms.

He noted that the KAERI has no intention of extending the nuclear technology transfer contracts with CE after 1998 when the current contract expires, although some critics insist that KAERI needs additional technology assistance from foreign firms.

Supervision of Bechtel in KEDO Causes Concern

SK1007030795 Seoul KYONGHYANG SINMUN in Korean 10 Jul 95 p 2

[Report by Yi Pyong-kwang]

[FBIS Translated Text] It is highly likely that Bechtel, a U.S. construction company, will be designated program coordinator in charge of supervising the project of supplying light-water reactors to North Korea, and will mediate between the Korean Peninsula Energy Development Organization [KEDO] and North Korea.

A government official said on 9 July: "Bechtel has already sent a draft contract, which includes the role of the program coordinator and terms of contract, to our government and the KEDO."

This official stated: "All of the three major operators of KEDO — the ROK, the United States, and Japan — highly assess the technology and experience of Bechtel and are positively considering assigning the role of a program coordinator to the company."

However, he also said: "Bechtel insists that it will play a supervisory role, starting with the designing of the light-water reactors to be provided to North Korea, thus arousing the concern of the government authorities." He then added: "This issue must be settled before signing a contract with Bechtel."

The United States is insisting on nominating a program coordinator as soon as possible so that it may join the site inspection team, which is supposed to be dispatched to North Korea before September, as a service company. However, our government's position is that the program coordinator should participate in the project after actual construction of the reactors begins.

The government's position is based on its view that the major principles of the light-water reactor project—the supply of "ROK-style" reactors and the ROK's central role in the project—would be damaged if the company nominated as the program coordinator intervenes in the details of a site survey and reactor design, demanding a change or amendment to the project.

Seoul, U.S. To Discuss Social Security Taxes

SK1007064195 Seoul YONHAP in English 0628 GMT 10 Jul 95

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — South Korea and the United States will hold a meeting of Social Security officials in Baltimore Thursday to discuss exempting Korean businessmen working in the United States from paying Social Security taxes, according to a Foreign Ministry official Monday.

South Koreans usually work in the United States less than five years, the minimum period necessary to benefit from payment of Social Security, thus resulting in the loss of payment they have already made.

During the two-day meeting to be represented by Kim Chong-hun, economic counselor at the South Korean Embassy in Washington, and Barry Powell, international relations section chief of the Social Security Administration, the two sides will discuss signing the agreement that will exempt Korean nationals from having to pay Social Security taxes if they reside in the United States for only a short period of time, the official said.

The meeting will be the second of its kind following a similar one held last July in Baltimore. South Korea proposed the issue at a meeting of the Dialogue for Economic Cooperation (DEC) in July 1993.

South Korean firms currently have about 2,700 Korean employees in the United States who pay approximately 30 million dollars in Social Security taxes annually.

Complaints Over Reduction in U.S. Visas Noted

SK0907014895 Seoul CHOSON ILBO in Korean 8 Jul 95 p 31

[By reporters U Pyong-hyon and Cho Hui-yon]

[FBIS Translated Text] The U.S. Embassy in Korea has reduced the number of visas issued daily from 800 to under 300. National Olympics team players, businessmen, and students are having difficulties leaving the country on schedule. Kim Wan-ki and other runners of the national marathon team were scheduled to leave for Atlanta on 14 July for local training in preparations for the 1996 Atlanta Olympics. They have to adjust their training schedule because they received tickets for visa interviews on 20 July. An official of the Korea Amateur Sports Association said: "We planned to send a national team for four events—including wrestling—to the United States in July for climate adaptation there in preparation for the Olympics. The visa problem has upset the training plan."

Kim Yong-chu, 46-year-old lecturer of the Child Education Department at the Toksong Women's College, said: "I already paid $9,000 for hotel and fees to participate in a workshop to be held in the United States beginning 10 July. I lost my money because I do not have a visa."

Such complaints have increased since early June when the U.S. State Department began a special investigation on fraudulent study visas for young students, causing a partial paralysis of visa work at the U.S. Embassy.

Personnel decisions were reportedly made for some 20 Korean employees involved in the fraudulent visa case. The U.S. Embassy announced that it will increase daily visa issues from 300 to 400, but the number is still far behind demand. The visa crisis is expected to last until the end of August.

At 1000 on the morning of 7 July, about 1,500 people lined up in a 200-meter queue in front of the U.S. Embassy in Sejongno, Seoul. Many of them had stood in line for three to four days. On the morning of 5 July, about 1,000 people fought in groups over the order of a line. They had to be put down by the police. The price of the interview tickets reportedly soared higher than the usual price of 100,000 won.

Obtaining Visas 'Troublesome'

SK1007080695 Seoul MUNHWA ILBO in Korean 10 Jul 95 p 3

[Editorial: "Obtaining a U.S. Visa Is Too Difficult"]

[FBIS Translated Text] It is very troublesome to obtain a U.S. entry visa. This is generating grievances among many Koreans and is breeding ill sentiment toward the United States. Obtaining a U.S. entry visa was often difficult, so much so that at times one felt one was being treated like a refugee. Since the recent uncovering of the scandal involving U.S. Embassy personnel issuing a number of illegitimate visas, the situation has become even worse.

Since 28 June, the 2,000-plus visas issued each day via arrangements with travel agents have been reduced to 300. Embassy authorities claim they have increased the number to 400 since 6 July, but businessmen, national sports players, and students who have applied for U.S. visas will have to wait until the end of August before receiving their visas. Even if they obtain their visas through personal interviews with the U.S. consul, a system by which some 800 visas used to be issued daily, they will still have to wait over a month.

Speaking at a meeting of the Korean Chamber of Commerce in Atlanta near the end of last year, U.S. ambassador to the ROK James Laney offered encouraging words to those who have experienced so much trouble in obtaining U.S. entry visas, stating: "The U.S. Embassy in the ROK has issued approximately 500,000 entry visas this year. This excessive work load caused considerable inconvenience to the ROK people and tourist services."

The ambassador's remark was reported in the local press under the headline "United States Considering Non-Visa Entry for ROK Citizens." It was comforting news to those who had to stand in line by the hundreds at the consular section's window at the U.S. Embassy at Kwanghwamun, Seoul, as well as to those who watched the regrettable scene of this long line at the U.S. Embassy. However, applicants for U.S. visas suffer even more, almost as if they had been involved in the issuance of the illegitimate visas.

The issuance of visas is the consular business of the country concerned and is totally its own responsibility. The U.S. Embassy says they would be overburdened with visa issuances because of the U.S. Government's financial restraint policy, even if there had not been an incident of illegitimate visa issuance. To make matters worse, the number of visa applicants is increasing.

However, it should be noted that now, when the revision of the ROK-U.S. Status of Forces Agreement [SOFA] has become a pending diplomatic issue between the two countries, the long line of people waiting for visas in Kwanghwamun and the signature collection campaign at Seoul Station calling for a comprehensive revision of SOFA are not originated by two different groups of people.

The SOFA and consular business are two different affairs. However, both have a commonality in that they both could hurt the self-respect of ROK citizens. Therefore, we hope the U.S. Embassy will simplify the visa issuance procedure. This is an appeal to our government as well.

U.S. Firm Forms Securities Joint Venture

SK0807065595 Seoul THE KOREA TIMES in English 8 Jul 95 p 9

[FBIS Transcribed Text] The Ministry of Finance and Economy yesterday informally allowed U.S. Salomon Brothers Inc. to team up with the Anam Group and a number of other Korean industrial firms to establish a joint venture securities company.

The ministry said Salomon and its holding company will control 49 percent of the joint venture capitalized at 50 billion won.

'Epochal' Proposal on N-S Ties Considered

SK1007035395 Seoul CHOSON ILBO in Korean 10 Jul 95 p 2

[By Kim Min-pae]

[FBIS Translated Text] The ROK Government is reportedly considering a grand reconciliation measure to appease popular feelings, and an epochal proposal to North Korea concerning the development of North-South relations on 15 August, the 50th anniversary of the liberation.

A high-ranking official said on 9 July: "On the upcoming Independence Day, which has historical significance, various measures are sought to further develop North-South relations. The measures will contribute to the national task of national reconciliation and reunification."

The official added: "The new proposal to North Korea is related to the second round of North-South rice talks scheduled to begin on 15 July, and President Kim Young-sam's ensuing U.S. visit," hinting that relevant issues will be discussed in-depth between North and South

Korea, and between the ROK and the United States. Ruling circles speculate that the new proposal is directly and indirectly connected to the realization of the summit talks between North and South Korea.

Meanwhile, ruling circles are planning a "grand reconciliation" measure. The government reportedly will pardon and reinstate former high-ranking public officials, military personnel, and politicians who resigned from officialdom or were punished since the inauguration of the new government as a result of measures related to asset opening, audit and inspection, and reform, except for a few who have serious legal defaults.

A source in the ruling circle said: "The government's basic position is to show generosity to even those officials who were found guilty in the audit and reform program."

Government Seeks To Activate Economic Committee

SK0907091295 Seoul YONHAP in English 0906 GMT 9 Jul 95

[FBIS Transcribed Text] Seoul, July 9 (YONHAP) — The government is known to center on the full operation of the inter- Korean economic exchange and cooperation committee at second rounds of inter-Korean rice talks, slated for Saturday [15 July] in Beijing, in order to establish a foundation for exchange of goods and economic cooperation between the two Koreas.

To that end, Hong Chi-sun, who is a director in charge of North Korea at the Korea Trade Promotion Corp. and now staying in Beijing, is now consulting on the issue with officials of the North's Samcholli General Corp., government sources said Sunday.

"The purpose of the government's plan to activate the joint committee lies in seeking the full implementation of the inter- Korean Basic Agreement, which went into effect in 1992, but has turned out to be almost a dead pact since then," the sources analyzed.

Yi Hong-ku Hopes for Early N-S Summit

SK1007080095 Seoul YONHAP in English 0745 GMT 10 Jul 95

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — Prime Minister Yi Hong-ku expressed a hope Monday [10 July] that South and North Korean authorities will discuss details about holding inter-Korean summit talks in the near future.

"It is expected that specific procedures and methods about holding summit talks between the two Koreas will be discussed following the emergence of a new leader in the North," Yi said in response to interpellations at the House Unification and Foreign Affairs Committee meetings Monday during the current special parliamentary session.

The government has maintained the position that a dialogue is desirable for the resolution of inter-Korean issues, and considers an inter-Korean summit meeting essential to ease tension on the Korean peninsula, restoring mutual trust and solving pending issues like the nuclear one, the prime minister said.

Yi, however, denied some press reports that President Kim Yong-sam will propose inter-Korean summit talks at his upcoming meeting with U.S. President Bill Clinton during his forthcoming U.S. visit slated for later this month, saying, "That has no relevance to the government's position."

Regarding the demand for parliamentary consent to provide North Korea with rice aid, Yi replied, "No separate house consent is needed." But he promised to maintain close consultations with the National Assembly to promote rice aid to the North, on the grounds that "it is a major issue pending between the two Koreas."

"Additional rice aid to the North by way of importing rice from abroad may also be considered, based on a public consensus," Yi said.

Deputy Premier and Unification Minister Na Ung-pae apologized for the flag incident in which the South Korean freighter "Sea Apex" was forced to hoist the North Korean flag while entering and docking at Chongjin Port late last month, when it was in North Korea to deliver the first batch of rice aid.

Referring to a formal transfer of power in Pyongyang, Na stated that "Kim Chong-il will encounter few obstacles while formally ascending to power." He based the observation on the fact that the junior Kim and his associates have already occupied important party, administrative and military positions, and that the North has no leader who can replace Kim Chong-il for now.

Foreign Minister Kong No-myong brushed aside as "fabricated and preposterous" the allegation that Assistant Foreign Minister for Political Affairs Yi Chae-chun attempted to coax Choe Sung-chin, former administrative attache in Wellington, New Zealand, involved in the alleged forgery of a confidential Foreign Ministry document, into confessing he fabricated the document.

Kong expressed a strong regret towards Rep. Kwon No-kap, vice president of the major opposition Democratic Party, who alleged that the Foreign Ministry instructed its overseas missions to destroy the document in question and replace it with another one, an allegation which he termed "groundless."

North's Army Proposes Meeting With ROK Army

SK1007035095 Seoul CHOSON ILBO in Korean 10 Jul 95 p 2

[By reporter Yu Yong-won]

[FBIS Translated Text] It was learned on 9 July that the North Korean Army has been carrying out a so-called "meeting operation" by repeatedly proposing meetings with the ROK Army through loudspeakers along the DMZ.

Meetings between the ROK Army and the North Korean Army in the DMZ, are banned in the Armistice Agreement, with the exception of Military Armistice Commission [MAC] meetings. Therefore, the North Korean proposal for such meetings is interpreted as a gesture that has something to do with North Korea's ploy to incapacitate the Armistice Agreement.

An ROK Government source says: "The ROK Army has not accepted the North Korean offer, interpreting it as a scheme to incapacitate the Armistice Agreement and split up the ROK and U.S. Forces."

It has been confirmed that ROK and North Korean officers and men met along the Military Demarcation Line inside the DMZ and talked to each other and that an ROK Army officer gave a wristwatch to a North Korean officer. It is very unusual for ROK and North Korean soldiers to have contact inside the DMZ, except for MAC meetings.

Maneuvers by DPRK Military Viewed

SK1007014395 Seoul TONG-A ILBO in Korean 8 Jul 95 p 6

[Article by reporter Hwang Yu-song: "Movements of the North Korean Armed Forces After Kim Il-song's Death"]

[FBIS Translated Text] It was learned on 7 July that despite its serious economic difficulties, North Korea has been continuously building up its military and staging large-scale military exercises since Kim Il-song died on 8 July 1994.

This shows that in the military field, North Korea has not abandoned its policy of communizing South Korea, even though it agreed on the light-water reactors and rice deals.

ROK military authorities say that since the controversy over sending condolences over Kim Il-song's death, North Korea has changed its archenemy from the United States to South Korea, stepped up its denunciation of South Korea, and continued its military buildup.

North Korea has pursued a so-called policy of "promoting exchange with the United States and cutting off South Korea" under which it has sought to normalize relations with the United States while seeking to intensify or perpetuate the tense North-South confrontation. It has also pursued this policy as a means of sustaining its own existence.

Under this military policy toward South Korea, North Korea has persistently pursued a military buildup to beef up its offensive capability. This worries ROK military authorities.

North Korea deployed approximately 70 pieces of 240-mm multiple rocket launchers (range: approximately 70 km) and 170-mm self-propelled artillery units (range: 40 to 50 km), both of which can reach South Korea's metropolitan area on the western front, and decommissioned approximately 60 short-range field artillery units, thus beefing up its firepower.

Kim Chong-il personally said he would "take responsibility for the meals" for special-warfare units in charge of launching surprise attacks on South Korea. Likewise, North Korean military leaders pay keen attention to these units. It has also been learned that the units' summer training has been intensive.

North Korea plans to mass-produce the Nodong No. 1 missile, with a range of 1,000 km, beginning next year and has been testing the Taepodong Nos. 1 and 2 missiles, with ranges from 2,000 to 6,000 km, to complete their development by 2000.

In particular, ROK military authorities say that North Korea has continuously revised its strategies after learning a lesson from Iraq's defeat in the Gulf war in 1991.

They say North Korea has reinforced its underground tunnels to beef up protection from air strikes and built very many camouflage fortresses and disguised fortresses to decoy enemy bombers.

They also say North Korea has been stepping up special warfare exercises and chemical, biological, and radiological exercises on the assumption that if Iraq had destroyed at least half of the Saudi airfields by using special warfare units before the multinational forces deployed troops and equipment in Saudi Arabia, the outcome of the war would have been different.

In connection with this, high-ranking military authorities in the ROK say: "We should not be distracted by the atmosphere caused by the light-water reactor agreement and rice deals and make light of North Korea's military threats." They also say: "Even if North-South dialogue resumes, the military confrontation will continue, and, as a result, prospects for substantially improving North-South relations will remain gloomy."

North Reportedly Produces 14 MiG-29's Annually

SK0907052995 Seoul CHUNGANG ILBO in Korean 9 Jul 95 p 2

[Report by Kim Min-sok]

[FBIS Translated Text] It has been learned that North Korea has produced 14 MiG-29's, an updated Russian fighter model, per year since 1994.

A high-ranking military official said on 8 July that North Korea purchased 14 MiG-29's from the former Soviet Union right before its collapse and began manufacturing them with imported technology last year at a fighter plant in North Korea. According to the official, North Korea presently has 40 MiG-29's. The official indicated that North Korea will own over 100 MiG-29's by 1998 if it keeps producing the planes at this rate.

The twin-engine MiG-29 has outstanding aerial warfare capabilities because it has a maximum speed of Mach 2.3; it can carry six updated air-to-air missiles and two air-to-ground missiles at the same time. The MiG-29 is considered superior to the F-16, a major fighter plane of the ROK Air Force.

What makes the MiG-29 different from other North Korean fighters is that the MiG-29 has a huge operational radius of 900 km, which means it can attack any place on the Korean peninsula. Accordingly, the MiG-29 is classified as a very threatening fighter and also attracts the attention of the U.S. Army.

A Defense Ministry official stressed that North Korea's production and reinforced deployment of MiG-29 fighters even in an extreme economic crisis proves that North Korea still continues to make efforts to secure updated weapons. The official also stated that North Korea gives priority to importing a good deal of the fighter parts, despite a foreign currency shortage.

Kim Chong-il Foreign Policy Centers on Economy

SK0807050595 Seoul THE KOREA HERALD in English 8 Jul 95 p 2

[By staff reporter Pae Eun-chu]

[FBIS Transcribed Text] A North Korean slogan puts the late leader Kim Il-song, who ruled the Communist state for 49 years, and his eldest son Chong-il on an equal footing.

"Great Comrade Kim Chong-il equals Great Leader Kim Il-song, and the (North Korean Workers') Party equals Great Comrade Kim Chong-il," the slogan says.

It is a slogan North Korea invented shortly after the death of Kim Il-song last July to stress the new leadership of the junior Kim.

Although North Korea has yet to appoint a new state president and general secretary of the Workers' Party, there is no doubt about who the successor will be.

The question only remains when the heir-apparent will officially take over the Communist regime.

No matter when the formal ascendancy of Kim Chong-il will be, Kim will inherit a moribund economy as the new leader of the Communist state, which has been advocating the virtue of the "chuche" ideology, or self-reliance.

Since Kim Il-song's death today a year ago, Kim Chong-il has been strengthening his leadership by trying to relieve North Koreans of a severe food shortage, one of the major challenges he has to deal with, and to solve other economic problems.

In his effort to solve these problems, Kim Chong-il has shown pragmatism in his diplomatic policies in the past.

Last month, North Korea agreed to take 150,000 tons of free rice from South Korea, which the Stalinist nation sees as its archenemy.

It also obtained a promise from Japan, which wishes to establish formal ties with Pyongyang, to provide 300,000 tons of rice in concessionary terms.

Not a long time ago, North Korea reached an accord with one of its imperialist enemies, the United States, to accept replacement reactors in exchange for ending its nuclear program which has been used by the North as a tool to threaten the world.

All these moves indicate that Kim Chong-il is pursuing an economy-centered foreign policy.

Kim Chong-il appears to be abandoning the chuche ideology and attempting to link the North Korean economy to the outside world.

One such example is the Najin-Sonbong region in the North, which is being developed as a free-trade zone.

Corporations in the Nampo industrial complex on North Korea's western coast are launching joint projects with their South Korean counterparts.

Kim Chong-il seems to see improvement in agriculture, trade and heavy industries as the most important task he has to accomplish.

The economic stability he is promoting with support from South Korea, Japan and other countries will assure him the presidency of the Democratic People's Republic of Korea and survival of the Communist country.

North Korea, however, is not expected to relent in its criticism of South Korea until Kim Chong-il tightens his grips on power.

A research institute says North Korea is likely to continue criticizing the South Korean government and refusing to hold inter-Korea talks even after the official inauguration of Kim Chong-il.

The Research Institute for National Unification says, however, the North Korean government will keep contact with South Korean companies for inter-Korea economic exchanges.

One of the most efficient and favorable ways of improving inter-Korea relations for the South will be to utilize inter-Korea economic cooperation programs, say North Korea experts.

The South Korean government should establish economic ties with the North through nongovernment organizations and gradually build confidence in each other, they say.

Government Seeks Access to More DPRK Ports

SK0907032495 Seoul CHOSON ILBO in Korean 9 Jul 95 p 2

[Report by Ku Song-chae]

[FBIS Translated Text] The government decided on 8 July to demand that North Korea give ROK ships access to more ports in addition to Chongjin Port, such as Haeju and Nampo on the west coast, in order to unload and more effectively deliver rice to the North.

The National Unification Board [NUB] stated on 8 July: "It is very ineffective for our freighters to leave ports on the west coast, such as Kunsan and Mokpo, to get to Chongjin Port, located in North Korea's northeast, because it takes too much time." He then stated: "The government will see to it that freighters leaving from the west coast enter Haeju or Nampo Ports while freighters departing from the east coast call at Chongjin Port."

The NUB also stated: "According to the government's decision, the Korea Trade Promotion Corporation and North Korea's Samcholli General Corporation will hold talks soon to discuss this issue." He continued: "We understand that North Korea will not particularly oppose the plan."

Meanwhile, the government plans to ship 40,000 more tonnes of rice from Chinhae, Inchon, Pohang, Kunsan, Mokpo, and Kwangyang Ports between 11 and 13 July after the rice loading is completed.

North To Open More Ports

SK1007055895 Seoul MUNHWA ILBO in Korean 10 Jul 95 p 2

[FBIS Translated Text] In addition to Najin and Chongjin Ports on the east coast, Nampo and Haeju are open to ROK ships departing from the west coast to deliver rice to North Korea, and Wonsan to those departing from the south and east coasts.

Despite the ROK's request, North Korea had designated Chongjin and Najin for ROK ships, and allowed only the Panamanian registered Jay Ruby [name as transliterated] ship to enter Haeju. According to relevant authorities on 10 July, North Korea notified the Korea Trade Promotion Corporation on 9 July that it would accept the ROK's request to give ROK ships access to more ports.

Government To Send Only Surplus Rice to North

SK1007012195 Seoul CHOSON ILBO in Korean 10 Jul 95 p 1

[Report by Ku Song-chae]

[FBIS Translated Text] It was learned on 9 July that, in connection with the second round of North-South rice talks to be resumed in Beijing on 15 July, the government will call off the original plan to provide North Korea with additional support by purchasing rice from foreign countries, if necessary. It has also been learned that the government will decide whether it will provide additional rice support after observing North Korea's attitude toward North-South dialogue.

A government source stated that day: "It is difficult for us to take such measures as providing North Korea with imported rice or shouldering the financial burden for North Korea's rice imports in a situation in which North Korea broke its promise and forced our freighter Sea Apex to hoist the North Korean flag, and when it continues to denounce South Korea." He added: "The government also considered public opinion in deciding to cancel the original plan."

Accordingly, under the principle that it will supply only domestically produced surplus grain to North Korea, the government is examining the national food demand and supply plan for 1996. However, it is reportedly difficult to secure additional rice support for North Korea.

Next Shipment 11-13 Jul

SK0907023495 Seoul KYONGHYANG SINMUN in Korean 9 Jul 95 p 2

[By reporter No Ung-kun]

[FBIS Translated Text] ROK boats loaded with 40,000 tonnes of rice—the second batch of rice shipments to North Korea—are scheduled to leave Inchon, Kunsan, Mokpo, Kwangyang, and two other ROK ports between 11 and 13 July. [dates as published]

The Ministry of Agriculture, Forestry, and Fisheries announced on 8 July that the Kwangyang No. 33 boat will leave Chinhae Port on 11 July. Currently, 2,509 of the 5,000 tonnes of rice have been loaded. The Samson Challenger and the Samson Ruby, loaded with 5,000 and 7,000 tonnes of rice each, will leave Inchon and Pohang Ports on 12 July.

North Distributes Rice Immediately

SK0907060295 Seoul HANGUK ILBO in Korean 8 Jul 95 p 5

[By Yu Sung-u from Yanji, PRC]

[FBIS Translated Text] North Korea's acceptance of ROK rice is the talk of the town among Koreans residing in Yanji, PRC. The news that North Korea has distributed the ROK rice immediately after its arrival has spread from mouth to mouth. I heard the news in Yanji from a high-ranking official who recently returned from a visit to North Korea.

He visited Chongjin, Wonsan, Pyongyang, and Nampo in mid-June and returned early this month. He was one of the guests of Hyon Chun-kuk, who recently assumed the post of deputy director of the International Department of the Workers Party of Korea, who was formerly editor-in-chief of NODONG SINMUN, and who is currently in charge of improving relations with the PRC. The official said that North Korea distributed the ROK rice to residents immediately after it arrived. The rice unloaded in Chongjin on 26 June was immediately distributed to Chongjin residents.

Residents of Chagang, Yanggang, and North Hamgyong Provinces, where the food shortage is more serious, received 20-kg to 40-kg grain tickets in advance, which shows North Korea was prepared to receive the rice aid. This confirms that North Korea is expediting the resolution of the food shortage in preparation for the power succession. This also shows the urgent situation in which North Korea has to receive food aid from the ROK and Japan for Kim Chong- il's "accession to the throne." However, even party cadres higher than instructors do not know that the rice was from the South.

A source who visited Pyongyang four times this year said that North Korea's food shortage is much worse than it was last year. He said that food distribution was delayed for two to three months in Yanggang, Chagang, and North Hamgyong Provinces. He visited Chongjin when the Sea Apex was unloading the rice. He saw North Korean authorities place security forces around the port and prohibit people from approaching. He said that the Sea Apex hoisted the DPRK flag on the morning of 26 June, when more than half of the rice was unloaded. He believes that North Korea did not plan to force the Sea Apex to hoist the DPRK flag from the beginning, but that working officials noticed during the work that something was unusual and had the ship hoist the flag like all other foreign ships.

According to information complied from Yanbian residents who recently visited North Korea, North Korea is finally preparing to change from its recoiled position during the past mourning year after the death of Kim Il-song. In addition to such testimonies, intelligence and speculation on internal moves in North Korea are spreading in the three northeastern PRC provinces bordering with North Korea. Not many of them are reliable. Unconfirmed and exaggerated intelligence causes preposterous speculations. However, Yanbian is still the only place we can hear anything about the completely isolated North Korea.

According to sources here, North Korea restricted foreigners' entrance to and North Koreans' departure from the country starting 1 July to prepare for the first anniversary of Kim Il-song's death.

There are about 5,000 to 9,000 Koreans with North Korean citizenship residing in the three northeastern PRC provinces. They were also not allowed to visit Pyongyang during the period.

The internal situation of North Korea was revealed by Koreans who visited North Korea before the restriction.

North Tacitly Permits Sales of Chinese Goods

SK0907064595 Seoul TONG-A ILBO in Korean 9 Jul 95 p 19

[From the "North Korean News" page]

[FBIS Translated Text] It has been learned that many Chinese merchants are engaging in business in North Korea, which is suffering from a serious shortage of food and daily necessities.

An ROK business source in China said on 8 July that Chinese merchants have been dealing in daily necessities in North Korea for several years. According to a survey, there are about 180 Chinese shops in mostly border and coastal areas, such as Sinuiju, Hoeryong, Chongjin, and Najin.

The Chinese merchants are selling goods in the North Korean border and coastal areas, such as the Najin-Sonbong District, with the tacit permission of North Korean authorities. The business conducted there is characterized mainly by barter trade between Chinese and North Korean peddlers.

Due to shortages of daily necessities, North Korean people exchange home-made goods or gifts from their relatives living overseas for daily necessities brought in by Chinese peddlers. North Korea reportedly thinks that this helps ease the shortage of daily necessities to a certain degree.

Reactor Exports to China Moving Forward

SK1007100795 Seoul CHUNGANG ILBO in Korean 10 Jul 95 p 2

[By Yi Sang-man]

[FBIS Translated Text] According to a Foreign Ministry official, the project to export ROK-style nuclear reactors to the PRC has reportedly been pushed ahead, and the ROK-PRC joint project to develop PRC-style nuclear reactors based on ROK-style reactors is now being closely examined.

It was learned on 9 July that the Korea Atomic Energy Research Institute has been making strenuous efforts to adopt the ROK-style Uljin reactors as the basic reactor model in the project for constructing the second nuclear plant in the PRC, which is part of the "Guangdong-2" project to build four 1,400-megawatt nuclear plants.

According to a Foreign Ministry official, the U.S. Combustion Engineering Company (ABB-CE) is also participating in this project.

A group of this institute's technicians have already visited Guangdong and have conducted technical consultations on the "Guangdong-2" project, and will spur activities to receive orders by exchanging a memorandum of understanding with the Korea Heavy Industries and Construction Co. and ABB-CE during the latter half of this year.

Nelson Mandela Continues Visit to Seoul

Addresses National Assembly

SK0807035295 Seoul YONHAP in English 0325 GMT 8 Jul 95

[FBIS Transcribed Text] Seoul, July 8 (YONHAP) — South African President Nelson Mandela said Saturday his country fully supports the Korean efforts to achieve national reunification in a peaceful manner, adding that he expects that Korea's national division will disappear in the foreseeable future.

In a speech delivered to the National Assembly, Mandela said that "We value and nurture peace in our region to the same extent as we cherish these ideals in your environs. With the Korean people, we share the dream that, sooner or later, the division imposed on your people by the vagaries of a by-gone era will be eliminated."

He then emphasized that "South Africa fully supports the efforts to resolve this problem in a peaceful manner."

President Mandela, who arrived in Seoul Thursday, told the parliament that he is delighted to see increasing economic cooperation between South Korea and South Africa and added that he has the impression that practical bilateral relations are rapidly progressing in all fields, although the two countries' relationship is still in its early stages.

"Despite the fact that our relations are at early stage of development, there are encouraging signs that they can grow at a pace which will soon result in substantial all-round links between our two countries," he stated.

Mandela said that his country is encouraged by South Korean efforts to realize the ideals of democracy and economic reconstruction, adding he is proud of his country's friendly relations with South Korea.

"We are proud to be associated with you (South Korea) as we set out on the renaissance of our own country, our region and our continent," said the South African leader.

He maintained that "history has so decreed that the early years of the new century will see the Asia-Pacific region emerge as a world economic center in its own right. Many analysts predict that more than half of the world's ten leading economies will be located in this region."

Highly praising the two countries' efforts in their struggles for democracy, he emphasized that the people of South Korea and South Africa have shown that no obstacle or force can prohibit the struggle for democracy and human rights.

"In paying tribute to you (South Koreans), we applaud humanity as a whole, for the support that it has given to the struggles for democracy in both our countries," he remarked.

Mandela maintained that "In the end, our peoples have shown that, no obstacle is too great, and no force too powerful, to withstand the might of a popular movement for democracy and human rights."

Reminding that South Korea is the 13th most important trading partner of South Africa, Mandela said that the economic achievements South Korea has made are deeply felt by the South African people's hearts.

Speaking of his own country, the South African president said that great strides have already been made to set in place a new civilization from the mire of conflict. "A new nation is being born and the spectre of division has given way to reconciliation. Sworn enemies of yesteryear have become partners in a new beginning. The cry for destruction and vengeance has given way to the song of forgiveness and a rational search for the truth," he said.

He asserted that the people of South Korea contributed immensely to "our own endeavours" because of the geographical distance of the two countries. "The distance of geography notwithstanding, you reaffirmd the togetherness of the human race."

Mandela then emphasized the significance of his South Korean visit by stating, "We perceive of distant countries and continents as a world apart, as repositories of cultures at which we can only marvel. Yet as we transcend this narrow outlook, we come to learn that it is more than the technology of the current global village which makes us neighbours. It is above all our common humanity, our common hopes, our common dreams for peace, justice and democracy."

Requests Economic Assistance

SK0807050395 Seoul THE KOREA HERALD in English 8 Jul 95 pp 1, 2

[FBIS Transcribed Text] South African President Nelson Mandela yesterday asked South Korea to play a larger role in his country's economic development programs.

In a summit meeting with President Kim Yong-sam, Mandela asked, in particular, for South Korean assistance in the development of small- and medium-sized businesses which he said is crucial to the South African economy.

President Kim offered his commitment that Korean firms will actively participate in South Africa's economic reconstruction and development projects.

"I made it clear that our government will do everything possible to encourage our firms to take part in such activities...," Kim said at a joint news conference wrapping up the summit talks at Chongwadae [presidential offices].

Mandela said that development of small- and medium-sized enterprises is crucial because it would help his country overcome its unemployment problem.

"Of the 40 million people in South Africa, 5 million are unemployed," Mandela said. "We cannot eliminate crime when people face poverty, unemployment and hunger."

Mandela asked that South Korea ease quarantine regulations against fruit and meat imports from his country.

Noting that both Seoul and Pretoria are signatories to the Marrakesh free trade treaty, he urged South Korea to remove prohibitions against African fruits and meat because they, as seen by the European Union countries' approval, have no problems.

The South African president expressed his hope that a larger number of South Korean tourists will visit his country. "Direct air links (between the two countries) are absolutely important," he said.

Prior to the news conference, Kim and Mandela watched their foreign ministers sign an aviation cooperation pact. The ministers also signed a double taxation avoidance agreement and an investment protection accord later in the day.

The South African president asked for South Korean support for his country's bid to stage the 2004 Olympic Games in Cape Town.

The South African hosting of the Olympic Games will help boost South African development as the 1988 Olympics in Seoul contributed to the economic development of South Korea, he said.

Mandela, whose decades-long struggle against apartheid in South Africa earned him the 1993 Nobel Peace Prize, expounded the past and present process of democratization in his country.

He said that his country adopted a "bill of rights" which calls for the guaranteeing of the right to vote, freedom of speech and religion and is endeavoring to improve the standard of life and offer equal education opportunity for everybody.

As to the democratization of Korea, he said, "The process of democratization is very similar to ours."

Mandela, the first South African president to visit South Korea, extended an invitation to President Kim Yong-sam. Kim, at the news conference, said that he would visit South Africa at an appropriate time "without fail."

President Kim's promise, which officials said went beyond the usual diplomatic rhetoric of accepting an invitation from a visiting head of state, reflects the

Korean president's respect for Mandela's lifelong fight against racial discrimination in South Africa, Kim's aides said.

Kim, who spent most of his political life in the opposition often falling victim to government suppression, sympathized with the hardships the South African leader had undergone in the past decades, they said.

During a state banquet he hosted in honor of Mandela and his party, President Kim said, "You are now held in esteem throughout the world for having finally abolished apartheid which lasted for over 340 years, and achieved democracy through a long and tenacious struggle for freedom and justice including 27 years in prison.

"Having fought with my people for the democratization of the country and having felt exceptional respect and warm fellowship with you, I am delighted to have you here today," Kim said.

Chongwadae officials said the immediate friendship that had developed between the two leaders led to an unexpected tete-a-tete prior to their formal summit talks.

Trade MOU Signed With South Africa

SK0807074295 Seoul THE KOREA HERALD in English 8 Jul 95 p 8

[FBIS Transcribed Text] Pak Chae-yun, Korean minister of trade, industry and energy, and Trevor Manuel, visiting South African minister of international trade and industry, exchanged a memorandum of understanding (MOU) at the Korea Productivity Center in Seoul yesterday to bolster bilateral cooperation between smaller companies of the two countries.

The two ministers also agreed to set up sisterhood relationship between the Small & Medium Industry Promotion Corp. of Korea and the Small Business Development Agency of South Africa in the immediate future in a bid to speed up the exchange of manpower and information, the Ministry of Trade, Industry and Energy (MOTIE) said yesterday.

At the same time, Pak and Manuel shared the view that the two countries will soon create a joint committee to develop joint cooperation projects between small- and medium-sized companies.

In a related development, the MOTIE will dispatch an economic and trade mission to South Africa in the near future to promote bilateral trade and investment, a MOTIE spokesman said.

In particular, the two ministers agreed to expand the bilateral cooperation in the fields of mineral resources, automobiles, electronics and textiles, the spokesman said.

Meanwhile, Manuel said that the South African government will extend full supports to Korean enterprises wishing to participate in its mammoth Reconstruction Development Program (RDP).

Government To Investigate Madrid Land Scandal

SK1007081995 Seoul YONHAP in English 0728 GMT 10 Jul 95

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — The Board of Audit and Inspection (BAI) and the Foreign Ministry will soon conduct a joint investigation into the allegation that several years ago the South Korean Embassy in Spain purchased land to construct a new embassy building at more than double the land's value, officials of the BAI and the Foreign Ministry said Monday [10 July].

"The BAI will dispatch an inspection team comprised of officials from the BAI and the Foreign Ministry to Madrid by the end of the week to conduct a close examination of the case," said a BAI official.

"The BAI will punish anyone involved in the case if he or she is proved of committing any wrongdoings," said the official.

"The BAI is determined to correct the practice of spending the national budget irresponsibly by mobilizing all the knowledge of the BAI, as this case, unlike others which involves slander, is clearly suspicious," said the official.

"We will consider launching a special inspection of similar cases if this one turns out to have serious irregularities," said the official.

"To respect the special nature and impartiality of the job of the BAI, we decided to conduct a joint investigation into the case along with BAI officials in Madrid," said a Foreign Ministry official.

"We will conduct a broad survey of those related to the case and Korean residents there," he added.

"Our initial investigation shows that embassy staff members are highly likely to have been swindled by real estate brokers in Madrid," he said. "We, however, do not eliminate the possibility that they might have been involved in any wrongdoings in connection with the land purchase scandal."

The focus of the joint inspection will be to bring to light any suspicions, he said.

Pakistan Arrests 2 Koreans for Smuggling

SK0807075995 Seoul YONHAP in English 0710 GMT 8 Jul 95

[FBIS Transcribed Text] Seoul, July 8 (YONHAP) — Two South Koreans residing in Lahore city of Pakistan were arrested by Pakistani customs authorities on charges of smuggling 600,000 U.S. dollars worth of South Korean made railway controllers and communication facilities into Pakistan, the Foreign Ministry here said Saturday.

An official at the South Korean Embassy in Pakistan went to the Lahore city to meet the two South Koreans — Yu Yong-to, 41, and Mun Ki-se, 38 — as well as consult their lawyer, the ministry said.

The ministry said the embassy official will also ask the Pakistani customs authorities for a fair investigation into their alleged charges and protection of their rights.

Yi Hong-ku Addresses National Assembly

SK0807023995 Seoul YONHAP in English 0224 GMT 8 Jul 95

[FBIS Transcribed Text] Seoul, July 8 (YONHAP) — Prime Minister Yi Hong-ku on Saturday formally apologized for the Sampoong Department Store's collapse late last week and pledged the administration would do its utmost to prevent similar disasters from occurring through safety checks of large buildings.

Touching on North Korea, the government will seek to help the North change through increased contacts, making the participation in North Korea's light-water nuclear reactor construction project and the rice aid to the North a turning point in inter-Korean economic cooperation and socio-cultural exchanges.

In a State of the Administration Address delivered at a plenary session of the National Assembly, Yi said, "I, as head of the cabinet, feel a strong responsibility and offer my sincere apologies for the collapse of the plush department store built less than six years ago which killed and injured more than 1,000 people."

The government will conduct safety checks of multi-use public buildings, especially apartment buildings in the five satellite cities of Seoul built since 1991, to free the people using these buildings of any anxiety regarding the danger of collapse.

He noted the cabinet would shortly introduce to the parliament legislation establishing an emergency rescue and salvage system and providing heavy punishments for those involved in faulty construction projects, especially those exercising shoddy safety controls.

In reference to inter-Korean relations, the prime minister said the government would seek to help North Korea change, making the agreed-on supply of light-water nuclear reactors and rice to the North an opportunity to increase inter-Korean contacts in those areas which may contribute to improving inter-Korean relations.

"The government will push not only for increased inter-Korean economic cooperation but also for socio-cultural exchanges, including exchanges of religious leaders, with the North in a far- reaching perspective," he added.

He promised that the government, in dealing with such North Korean issues related to national security as the North's demand to replace the existing armistice regime with a peace treaty, would pursue a policy based on the national consensus.

As for the outcome of the recent local elections, he said the government would reflect the wishes voters expressed in the elections in its future policies and endeavor to correct the problems encountered in election management and to overcome the regional rivalries that emerged.

Stressing that local autonomy involves not only civil rights but also civil responsibility, he said the central government would seek to establish a cooperative and harmonious relationship with local governments to help the first local autonomous system in more than three decades firmly take hold.

The 42-trillion-won rural development program, designed to help farming and fishing villages cope with the new world trade order, set up under the World Trade Organization agreement, will be carried out to reflect the needs of new local governments.

He added that the government would develop a new social welfare model suitable to the country's socio-economic conditions.

Assembly Criticizes Government Policies

SK1007081395 Seoul YONHAP in English 0723 GMT 10 Jul 95

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — Lawmakers grilled the government about its diplomatic and unification policies in an interpellation session Monday [10 July].

Lawmakers addressed the issues of rice supply to North Korea, the alleged altering of a Foreign Ministry document, North Korea's internal move for a succession of power at the first anniversary of the death of the late North Korean leader Kim Il-song and for revisions of the South Korean-U.S. Status of Forces Agreement.

Prime Minister Yi Hong-ku, Deputy Prime Minister and Minister of the National Unification Board Na Ung-pae, along with Foreign Minister Kong No-myong showed up at the National Assembly to answer lawmakers' questions.

Ruling and opposition lawmakers pointed out problems that appeared in the process of South Korea's rice supply to the North, criticizing the forced-hoisting of North Korea's national flag by the South Korean freighter which carried rice to Chongjin Port, and North Korea's arbitrary change of arrival ports.

They asked the government to fully reveal the inter-Korean agreement on the rice supply signed in Beijing, and the apology letter sent by North Korea's Chon Kum-chol.

Rep. Pak Myong-hwan of the ruling Democratic Liberal Party (DLP) asked, "Why did the government resume the rice supply to North Korea, despite the fact that it was a clear violation of international law for North Korea to have forced the South Korean freighter to hoist North Korea's national flag?"

There was a controversy about the issue of an allegedly altered Foreign Ministry document.

Rep. Yi Kang-tu (DLP) said that it is being investigated whether there was a plot to falsify a document to gain an advantage in the local elections, urging the government to seriously investigate the case.

Opposition Democratic Party lawmakers demanded the government reprimand public officials for altering the document.

Rep. Kim Chung-cho of the Democratic Party said that the National Assembly should seek the foreign minister's dismissal for the national scandal caused by the altering of the document which was related to the June 27 local elections.

Meanwhile, Rep. Chong Mong-chun, an independent, pointed out that the people are confused because President Kim Yong-sam supports the direct presidential election system while Kim Chong-pil insists a parliamentary cabinet system be adopted.

He asked what relationship the government's power structure could have with unification of the nation.

Government Looks at Improving Election System

SK0807073595 Seoul YONHAP in English 0652 GMT 8 Jul 95

[FBIS Transcribed Text] Seoul, July 8 (YONHAP) — Prime Minister Yi Hong-ku said Saturday that the government will study ways to improve election system as well as personnel management system in an effort to overcome chronic regionalism.

Answering the question from lawmakers at the National Assembly, Yi said that simultaneous holding of four local elections disturbed voters in their complete recognition of candidates.

Local elections were held on June 27 for the first time in more than 34 years and the results appeared divided along regional lines.

"I think it is desirable for the government to discuss the problems with political parties to improve the election system," he added.

To the request of the main opposition Democratic Party (DP) that all of the current cabinet members should resign from their offices taking responsibility for the man-made disaster of Sampoong Department Store collapse, Yi said that he keenly feels responsible for the disaster.

"If my resignation helps the problem to be solved, I will not hesitate to resign," he added.

Kim Tae-chung Said Considering New Party

SK1007061095 Seoul YONHAP in English 0541 GMT 10 Jul 95

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — At an event in which he may declare the creation of a new party on July 18, former opposition leader Kim Tae-chung may also formally announce he is returning to politics, rescinding his public pledge of retirement.

A member of the Tonggyo-tong faction of the major opposition Democratic Party, led by Kim Tae-chung, said Monday, "Kim will announce his future course of action if and when he declares the inauguration of a new party. He is carefully considering the idea of rescinding his pledge of political retirement at the upcoming event, making an apology to the people, and asking for the public's judgment in the forthcoming general elections."

During the just-concluded local elections, Kim was accused by the ruling camp of breaking his promise by returning to politics. The Democratic Party turned out to be victorious in the elections despite controversies surrounding Kim's political comeback, the official said, adding that Kim's political return has already been accepted by the public.

As for Kim's post in the proposed new party, a majority in the Tonggyo-tong faction reportedly called for Kim to assume its presidency from the outset, while a minority supports Kim first take an advisory post and become party president just prior to or following the 1996 general elections.

Creation of New Party Decried

SK1007063995 Seoul YONHAP in English 0553 GMT 10 Jul 95

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — Chang Ul-pyong, president of Songgyunkwan University, harshly criticized former opposition leader Kim Tae-chung's move to create a new party.

Speaking at a meeting held Monday morning sponsored by the "Central Region Development Group," Chang said, "At first, I thought Kim was being affected by regional emotion, but now I cannot tolerate him since he raised the so-called 'regional equal rights theory' to stir up regionalism."

He called it a "shameless act" for Kim, now chairman of the Asia-Pacific Peace Foundation, to abandon the Democratic Party, which "he created to satisfy his own interests," to create a new party to satisfy "new interests."

"It is not very honorable of him to exercise his influence on politics from behind-the-scenes in the name of 'Kim shim' or 'Kim's intention,'" Chang, also a member of the Citizen's Alliance for Political Reform, said.

Commenting on Kim Chong-pil, president of the United Liberal Democrats (ULD), Chang said, "It is historically ironic that Kim Chong-pil, who helped to abolish the local autonomous system after taking power through a military coup d'etat more than 34 years ago, returned to political power through the local elections."

He added that the two Kims — incumbent President Kim Yong-sam and Kim Tae-chung — had politically revived Kim Chong-pil but now they should not use him. "They should now dump him," Chang said.

Meanwhile, Chang said that the June 27 local elections completely failed with regards to the development of democracy. "In an effort to overcome chronic regionalism, the current parliamentary election system should be changed from the single member constituency system to a multi-member system," he said.

DP Split Over New Party Idea

SK1007070595 Seoul YONHAP in English 0633 GMT 10 Jul 95

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — The main opposition Democratic Party [DP]'s leadership split Monday over its former leader Kim Tae-chung's move to establish a new party.

Vice President Yi Pu-yong called on Kim to stop the move immediately, saying, "It's wrong to discuss establishing a new party when the whole nation is mourning those killed in the collapse of the Sampoong Department Store."

Yi, who criticized Kim for the so-called regional equality he expounded during the recent local elections, made the demand at the opposition party's leadership meeting presided over by President Yi Ki-taek.

He then proposed that the meeting adopt a resolution calling on Kim to stop the move to create a new party.

President Yi and Vice President No Mu-hyon supported Yi's offer but Vice President Han Kwang-ok opposed it, saying, "It's not a matter for the leadership meeting to resolve."

As a result, the meeting failed to adopt the proposal.

After the meeting, No told reporters Kim's new party would only intensify regional rivalries in next year's general elections, adding, "the new party would neither be desirable nor successful."

"The new party would meet the desire of the Honam (Cholla Provinces) people to take over power in cooperation even with conservative forces, but I don't think it would have such an opportunity," he remarked.

To overcome the regional rivalries which have emerged from the recent local elections, Kim Tae-chung should first move to mend his antagonistic relations with President Kim Yong-sam, he observed.

No said he would not join Kim's new party under any circumstances, adding, "nor will I ever join the Democratic Liberal Party, I'll remain in the Democratic Party."

'Severe Reaction' Expected

SK0907101895 Seoul YONHAP in English 1001 GMT 9 Jul 95

[FBIS Transcribed Text] Seoul, July 9 (YONHAP) — Chairman of the main opposition Democratic Party (DP) Yi Ki-taek will express his position early this week at a press conference on rumors that Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, will set up a new political party.

The DP chairman told reporters on Sunday at his residence, "To drive an establishment of a new party is an act to forget the essence of politics.

"Though the new party is established, 20 to 30 lawmakers will remain at the DP," said Yi, who added that there will be severe reactions against the (alleged) Kim's move from the remaining legislators and chairmen of the DP chapters across the nation.

Political Realignment Possible After Elections

SK0807065295 Seoul THE KOREA HERALD in English 8 Jul 95 pp 2, 10

[FBIS Transcribed Text] The June 27 local elections are scarcely over when politicians talk about the breakup of political parties. In addition, political activists are preparing to create their own party.

Politicians, parties and activists have started jockeying for advantage in the 1996 parliamentary elections and the 1997 presidential race. Their action points to the political community's realignment in the making.

A group of political activists are moving to create their own party to fight against the existing parties.

In particular, it is opposed to the leading political roles of the three Kims—President Kim Yong-sam, former opposition leader Kim Tae-chung and Kim Chong-pil, president of the splinter United Liberal Democrats.

A group, which calls itself the "Citizens' Alliance for Political Reform," has recently decided to launch a campaign for political reform before changing itself into a political party.

Active members of the group includes university professors, lawyers, religious leaders and environmentalists. Dissident-turned politicians, such as Chang Ki-pyo, who fought against dictatorial governments in the past, are also serving as active members.

Attention is also focused on the main opposition Democratic Party, which may break down over factional strife, despite its resounding victory in the local elections.

A factional fight is looming over leadership change between party President Yi Ki-taek and the dominant faction in the party, which is under the control of former party leader Kim Tae-chung.

Currently serving as chairman of the Kim Tae-chung Peace Foundation for the Asia-Pacific Region, Kim is reportedly considering creating a new party with his supporters before the Democratic Party holds a national convention for leadership change next month.

By taking such a move, Kim would be able to avoid having his image tainted over a wrangling between his proxy and party President Yi, which may turn out to be nasty.

But a substantial number of lawmakers from Kim Tae-chung's faction insist that leadership takeover by the faction in a ballot at the national convention has more advantages over the creation of a new party.

A source close to Kim Tae-chung says whether or not he will create a new party depends on what party President Yi and other opponents are planning to do about party leadership and their relations with Kim.

On his part, Yi avoided attacking Kim directly when he addressed the National Assembly Thursday. The party president, who used to criticize Kim for dividing the nation by fanning regional rivalries, said instead that President Kim Yong-sam's administration is held responsible for national division.

The creation of a new party is also talked about in Taegu and North Kyongsang Province, where voters feel sighted by President Kim and his administration. Reflecting the voter sentiment, independents swept the local elections in the region.

Rumor has it that proteges of former Presidents Chon Tu-hwan and No Tae-u, both of them from the region, are preparing to launch a new party in their fight against President Kim, who is from the rival Pusan-South Kyongsang region, and his Democratic Liberal Party.

Political analysts say the ruling party's lawmakers from Taegu and North Kyongsang Province may decide to bolt from the party and join the move to create a new party representing their region.

Under these circumstances, Kim Chong-pil, president of the splinter United Liberal Democrats, is luring disaffected ruling party lawmakers from Taegu, North Kyongsang Province and other regions to join his party.

In an apparent counter move, President Kim recently appointed Rep. Kim Yun-hwan, a leading lawmaker from the Taegu—North Kyongsang region, as secretary-general of the ruling party.

Defense Ministry Issues Report on 21st Century

SK1007070795 Seoul CHOSON ILBO in Korean 10 Jul 95 p 5

["Summary" of booklet released by the Ministry of National Defense on 9 July: "ROK's Defense Toward the 21st Century" reporter Yu Yong-won]

[FBIS Translated Text] (Editor's Note) The Ministry of National Defense released a booklet titled "ROK's Defense Toward the 21st Century" on 9 July. Noteworthy are the estimates made from different angles by experts inside the military on the defense budget up to the beginning of the 2000's, taking into consideration the variables of security conditions. The following is a summary of the booklet. [end editor's note]

An investment of a minimum of 110 trillion won in the defense budget is inevitable to guarantee the ROK's security for the next six years. An average real economic growth rate of 7 percent annually until the year 2001 would mean a defense expenditure of 3.5 percent of the national gross product.

The defense budget is the minimum required for improving South Korea's military strength, which is currently inferior to North Korea's, to a level equal to that of North Korea. It is also the minimum required to guarantee our security among the four neighboring powers, including China and Japan, which are increasing their armaments even in the post-Cold War era. Despite the arrival of the post-Cold War era after the collapse of the former Soviet Union, the eventual withdrawal of U.S. Forces and the steady military reinforcement in Japan and China add to the uncertainty of the situation in the Northeast Asia surrounding the Korean peninsula.

Due to such security conditions, the ROK must be equipped with the following major military capabilities by 2001: In the case of ground troops, 20 to 30 divisions and brigades and four to five commanding corps headquarters should be increased. The Navy requires the wartime capability to defend the three coastal territories and task fleets to perform three-dimensional operations at sea. The Air Force requires the wartime capability to control the sky within a 1,500-km radius over Seoul.

Also required are long-range striking power for strategic objects; aircraft to collect aerial imagery and signals intelligence; unmanned reconnaissance planes, and long-range radars for independent intelligence and battlefield reconnaissance; automation of command, control, communications, and intelligence; long-range aerial operation and all-weather and night infiltration capabilities to secure air supremacy; larger warships and underwater operations capabilities; and tactical electronic warfare capabilities and guided weapon systems.

The ROK defense has to achieve an independent military technology revolution according to future war scenarios and the characteristics of the Korean battlefield, considering that there is a limit in spending national funds to build up military power.

K-1 Tank Maker Negotiating Possible Exports

SK1007120395 Seoul YONHAP in English 1107 GMT 10 Jul 95

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — The manufacturer of K-1 tanks, being turned out in the country with technical assistance from the United States, is promoting the exports of the Korean-style tanks to foreign countries.

Sources at relevant government authorities and business circles said Monday [10 July] Hyundai Precision Industries Co., the local producer of K-1's, has been negotiating with Malaysia and some other Southeast Asian countries for the possible exports of K-1 tanks.

Almost all the country's need of K-1's have been produced and deployed for operations. They are valued at about 2.8 billion won (roughly 3.7 million U.S. dollars) each.

Hyundai precision is negotiating also with relevant American offices for permission of the exports of K-1 tanks, the sources said.

Under an agreement, munitions products manufactured in the country with technological support from the United States can be exported only when their exports are endorsed by the pertinent American firms possessing such technology and approved by the Pentagon.

South Korea has intermittently exported defense products of its own development.

But, the country has been unable to export those mobile equipment and heavy fire arms produced with U.S. technical assistance due to objection from the United States.

Presently the operating ratio of the country's munitions industries is known to be less than 60 percent.

Investigators Continue Sampoong Bribery Probe

SK1007033395 Seoul YONHAP in English 0215 GMT 10 Jul 95

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — A joint prosecution-police investigation team confirmed Monday that the former head of the Socho-ku (ward) office approved on his own authority the completion of the recently-collapsed Sampoong Department Store building on July 27, 1990.

The investigation team said that Hwang Chol-min, former head of Socho-ku office and current chief of the training center of Seoul city public officials, approved the completion of the building which the chief of a bureau under him in charge of the affair was supposed to sign before him but was allegedly sidestepped in the process.

Thus, the prosecution and police will summon Hwang for questioning about why he approved the completion of the jerry-built structure on his own authority and whether or not he was bribed by the Sampoong department store.

Hwang, while in office as head of the Socho-ku office, allegedly received a membership to a high-priced health club worth 12 million won from Sampoong free of charge and did not pay annual membership fees which totalled 3 million won for the three years he was at the post, the investigation team said.

Yim Chae-kun, then-chief of Urban Improvement Bureau of the Socho-ku office, meanwhile, told prosecution investigators that he was sidestepped in the process of approving the building's completion as one of his subordinates had gone directly to Hwang to get the approval.

Arrest Warrant Sought

SK0907063595 Seoul YONHAP in English 0445 GMT 9 Jul 95

[FBIS Transcribed Text] Seoul, July 9 (YONHAP) — The joint investigation headquarters of the prosecution and the police decided on Sunday to request an arrest warrant against a former ward chief of Seoul city's Socho ward on charges of accepting bribes from the collapsed Sampoong department.

The joint investigation team has found out in its overnight inquiry on Saturday that Yi Chung-u had received a total of 10 million won in bribes since November 1989 in return for granting the department store to change an original design of the building six times, and for approving a "provisional use" of it.

Earlier, the investigators secured confessions from Sampoong officials that they had regularly offered grafts to Yi in exchange for getting permissions for the design changes between 1989 and 1990 when Yi was serving as ward chief.

Man Rescued After 11 Days in Rubble

SK0907011595 Seoul KBS-1 Radio Network in Korean 0000 GMT 9 Jul 95

[By reporter Yom Ki-son]

[FBIS Translated Text] A man has been rescued alive from the collapsed Sampoong Department Store 11 days after the collapse. Reporter Yom Ki-son will report:

[Begin live relay] At around 0705 this morning [2205 GMT 8 July], rescuers at the site of the collapsed Sampoong Department Store, found alive Mr. Choe Myong-sok, 21, from Kwangmyong City, Kyonggi Province. He was a part-time employee at the department store. When rescuers were removing debris from the site of the collapse, they heard Choe shout for help. At the time, Choe said that his name was Choe Yong-sok and asked for water. He reportedly was in good condition then. Rescuers believe that he had sustained himself with water sprayed by fire fighters, and rain. When Mr. Choe was found, his shoulders were buried between concrete debris. He was wearing a long-sleeved pink shirt.

Mr. Choe arrived at Kangnam St. Mary's Hospital a few minutes ago and is now being treated. Mr. Choe is in relatively good condition, even though he was buried under the debris for 250 hours. Doctors said he was dehydrated but his blood pressure, pulse, and body temperature are all normal.

He is conscious and is even talking to the medical staff. [end relay]

Death Toll at 192

SK1007115395 Seoul YONHAP in English 1148 GMT 10 Jul 95

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — The remains of 27 persons killed in the collapse of the Sampoong Department Store in southern Seoul were additionally recovered Monday as of 8 P.M. [1100 GMT].

The latest uncovery brings to 192 the total death toll from the disaster. The total includes 39 males and 149 females. The identities of the four remainders were being determined.

A source at the rescue headquarters said the discovery of the unusually large number of bodies Monday was due to the fact that rescue workers reached part of the second floor where many store employees and shoppers were believed to have been trapped during their escape from the falling building five-storied above the ground.

Samsung Sets Up Semiconductor Plant in China

SK0807065095 Seoul THE KOREA HERALD in English 8 Jul 95 p 8

[FBIS Transcribed Text] Samsung Electronics Co. yesterday broke ground for its first overseas non-memory semiconductor plant in Suzhou, China.

The Korean electronics giant will invest $100 million in establishing the plant, called SESS-Samsung Electronics (Suzhou) Semiconductor Co., a company spokesman said.

The plant will initially have two assembly lines capable of churning out 20 million transistors and 20 million integrated circuits monthly, respectively.

Production will double every year, said the spokesman, adding that Samsung will consider producing its mainstay product DRAMs in the projected plant, if the environment for the investments ripens.

The new semiconductor plant will be housed in an electronics complex in Suzhou the Samsung Business Group is now constructing in a joint venture with Keppel Group of Singapore. Under an agreement reached last November, Keppel is in charge of developing infrastructure for the complex, while Samsung is undertaking construction of the planned electronics appliance complex. Test- operation for home appliance factories has been conducted since early this year, with full-fledged production slated for 1999.

The semiconductor products from SESS-Samsung Electronics Semiconductor will be shipped to Southeast Asian markets including Hong Kong as well as into the Chinese market, said the spokesman, adding that they are also used as parts of electronic home appliance products in the Suzhou electronics complex.

Construction of the planned semiconductor plant is part of the Korean electronics giant's programs to localize production and marketing in foreign countries.

Samsung Electronics Co. last year set up a semiconductor plant in partnership with Texas Instruments of the United States.

Samsung Electronics became the first Korean manufacturer to have advanced to foreign countries by establishing a TV production plant in Portugal in 1982.

MOTIE Loans Support Machinery Sales

SK0807073695 Seoul THE KOREA HERALD in English 8 Jul 95 p 8

[FBIS Transcribed Text] The government will extend 880 billion won (some $1.16 billion) in foreign currency-denominated loans to domestic enterprises to help finance their purchase of locally-made machinery in the latter half of the year.

The extension of the soft-term foreign currency-denominated loans is designed to actively foster the domestic capital goods industry and maximize the import substitution effects, the Ministry of Trade, Industry and Energy (MOTIE) said yesterday.

Foreign currency-denominated loans will carry an annual interest rate of LIBOR (London Inter-Bank Offered Rate) plus 2 percent and will be repayable within eight years.

Domestic enterprises wishing to purchase locally-made machinery, parts and new materials will be able to request financial institutions for the receipt of the soft-term loans, a MOTIE spokesman said.

Among the items entitled to receive the foreign currency-denominated loans are robots, textile machinery, sewing machines, semiconductor equipment, information disposal system and electric machinery.

However, the MOTIE has decided to extend the soft-term loans for the purchase of locally-made machinery to domestic enterprises only when the nation's imports of the same kinds of machinery exceeds $3 million a year, the spokesman said.

Small- and medium-sized enterprises will be able to receive the foreign currency-denominated loans up to 100 percent of the purchasing amount, whereas large companies will be entitled to receive the soft-term loans up to 70 percent of the required amount.

Burma

Rangoon Troops Capture Major Karenni Base

BK0807085195 Bangkok THE NATION in English 8 Jul 95 pp A1, A3

[FBIS Transcribed Text] Burmese government troops backed by more than 10 battalions yesterday captured a major Karenni military base opposite Mae Hong Son province after a nearly week-long clash intended to force the ethnic group to open its territory.

However, according to an informed source in the Karenni National Progressive Party (KNPP), the camp, Headquarters 99, opposite Ban Nai Soi of Muang district, fell easily to Burmese government troops because the KNPP fighters had already abandoned the base and fanned out into small guerrilla units to prepare for a counter-offensive.

Small groups of Karenni refugees continued to cross into Mae Hong Son yesterday in fear of a fresh advance by Burmese government troops which have already sent more than 20,000 refugees into Thailand since fighting started last week.

The influx of refugees is also triggering the spread of malaria, respiratory-related disease, and diarrhea in Thai border villages, according to Deputy Secretary-General of the Thai Red Cross Society Dr Direk na Thalang, who visited the border area yesterday.

Her Majesty the Queen has asked the society to send medical assistance to the areas to stem the spread of disease.

The fighting, which is believed to stem from the violation of a March ceasefire agreement between the Burmese government and the KNPP has also crippled logging activities in Kayah state, which are mostly monopolized by Thai businessmen.

On Wednesday, Gen Khin Nyunt, a top junta leader, said the fighting resulted from a breakdown in communications.

Meanwhile Aye Kham, a coordinator of Khun Sa's Muang Tai Army (MTA), said Khun Sa had concentrated more than 10,000 troops in Ban Hua Muang and spread them out around Shan State to prepare to counter the offensive by government troops.

"We are not frightened because we have the upper hand," Aye Kham said.

He said it may take Burmese troops more than two days on foot to get to Hua Muang. "We still have enough time to intercept them," he said.

Meanwhile, Thai officials at an inter-agency meeting on security along the border at Chiang Rai, chaired by National Security Council chief Charan Kunlawanit, were assured of the government's policy to cooperate with Burmese troops in suppressing drug trafficking, to deny support to Burmese armed ethnic groups and to deny them the chance of attacking Burmese government troops from Thai soil.

They also agreed to cooperate with Burma in intercepting war weapons smuggled into Thailand and destined for ethnic armed insurgents fighting the Burmese government.

KNPP Minister Interviewed on Recent Clashes

BK0907100295 London BBC in Burmese to Burma 1345 GMT 7 Jul 95

[Telephone interview with Abel Tweet, foreign minister of the Karenni National Progressive Party [KNPP], "along the Thai-Burmese border", by BBC correspondent U Hla Pe on 7 July — recorded]

[FBIS Translated Text] [Pe] Foreign Minister Abel Tweet, we have learned about the clashes in Karenni region. Could you explain who started these clashes?

[Tweet] Using logging activity in the border area as a pretext, the SLORC [State Law and Order Restoration Council] sent its units — about 16 battalions — to the area where our units have taken positions, and we believed there are actually 21 battalions involved in the offensives. We requested the SLORC not to send these troops and also notified that representatives from both sides can meet and hold talks on any matters, including business activities. But the SLORC didn't listen and sent four to five columns of soldiers toward our units to take positions. We defended ourselves when these soldiers came very close to our positions. In another words, the SLORC is mostly responsible for the breaking of our cease-fire agreement. We didn't go and attack the positions of SLORC units. We retaliated only when the SLORC units attacked and tried to overrun our positions. We believe that the SLORC has breached the 16 points agreement reached between the SLORC and us. We like to say the SLORC started the attacks.

[Pe] What do you want to say concerning SLORC's denial about these clashes?

[Tweet] We also heard about it, and it is absolutely untrue. The SLORC may say it didn't send any troops and there were no clashes, but the fact is that there are between 3,000 to 4,000 soldiers heading toward the border area. The SLORC soldiers have not gone back. They are close to our Karenni camps — about 4 to 5 kilometers away. The SLORC says there is no fighting, but the Thais along the border can hear the gunfire and explosions. We think SLORC is openly lying.

[Pe] What is your view on SLORC's offer for renegotiation?

[Tweet] As for our Karenni, we now have engaged in a cease-fire stage as a first step to achieve peace. We also want to go to another stage to achieve peace. We know about the suffering of people, and we are also suffering because of the continued fighting. We welcome the SLORC offer, but to renegotiate first the SLORC units have to be pulled out and sent back to their respective commands. We want the SLORC to withdraw all its battalions in the border area as soon as possible. These are some of our demands. We also call for an immediate cease-fire. There will be no fighting once the SLORC withdraws its units. Apart from battalions in the area the SLORC brought in more than four battalions from southern Shan State for the offensives in Karenni region. We are ready to renegotiate anytime once these more than four battalions are send back to southern Shan State.

[Pe] Some new agencies say the clashes were taken place because of the logging activity in the area. Do you want to comment on this matter?

[Tweet] We think it is not true. The SLORC informed us to take action against illegal loggers who are smuggling out wood from the border area. When we looked into the matter and found that the loggers have original permits issued by the SLORC to fell trees. We think the SLORC's information about the loggers was groundless. For instance, if the SLORC wants to hold sincere and fair business talks on logging activity just tell us how many thousand tons of wood it want and the Karenni will look into the matter and send the logs to Rangoon. We can do that. We told the SLORC to allow our units to operate in this area because this is where our units have taken positions and not to interfere with our units' activity. If the SLORC is interested then they can also do business with us anytime. We clearly want to say that it is unacceptable to us if SLORC units try to take over our positions.

[Pe] Yesterday's reports mentioned that the KNPP has joined hands with Khun Sa. Are they true?

[Tweet] These are rumors. Someone or the SLORC (?might have paid) the new agency to discredit our political integrity and our movement that places political issues as priorities. We know about the danger of [Khun Sa's] infamous activities. We clearly want to say we didn't join him.

Karenni Urge SLORC Troops To Withdraw

BK0907110795 Bangkok THE SUNDAY NATION in English 9 Jul 95 p A3

[FBIS Transcribed Text] Ethnic Karenni guerrillas have urged the Burmese army to stop their attack and immediately withdraw their troops in order for both sides to begin a dialogue to end the fighting that erupted at the end of last month despite a ceasefire agreement.

The call was made in response to a letter sent on Thursday by Lt Gen Khin Nyunt, a senior member of the ruling Burmese State Law and Order Restoration Council (Slorc). Khin Nyunt asked Catholic Archbishop Spiro in the Karenni state capital of Loikaw to travel to the Thai-Burmese border at Nam Phieng Din to pass on his message.

In the letter, addressed to Aung Than Lay, the leader of the Karenni National Progressive Party (KNPP), Khin Nyunt explained that fighting broke out because of a "misunderstanding" and that the KNPP had initiated the conflict.

A KNPP source said yesterday that the Slorc leader stated that both sides "should work hand in hand" and that the KNPP must resolve the conflict by opening talks with the 430th battalion commander, who was in charge of the Burmese forces recently sent into the ethnic controlled areas opposite Thailand's Mae Hong Son province.

The KNPP sent two senior representatives to meet the archbishop and explain their position. The delegates also asked the archbishop to convey to Khin Nyunt that the ethnic group welcomed his gesture for a ceasefire and to resolve their problems through peaceful means, the source said.

However, the KNPP demanded that Slorc first withdraw about 4,000 troops it has sent late last month from Loikaw to the KNPP controlled areas and stop the attacks before both sides start any dialogue, the source said.

The source said his group also asked Slorc to withdraw some of the Burmese battalions that were sent to the Karenni state from the Shan state.

He said there were "some conflicts of interest" among Slorc members and Burmese Cabinet ministers concerning logging activities in the Karenni area and Khin Nyunt was just trying to find "some excuse" for a Burmese military operation against KNPP strongholds.

He denied that a Thai company's timber business with his group was the major motive for Slorc to send troops across the Salween River to attack the KNPP territory on its eastern bank.

"In fact, the Burmese authorities in Rangoon gave official permission for the company to log in the area. We have got a copy of their contract, so it is not true that we (the KNPP) or the company were stealing logs," the source, who is a senior KNPP official, said.

The source said Thai Veneer Industry Co Ltd had received official permission from Slorc to take logs from Kauk Kauk area, opposite Mae Hong Son's Khun Yuam district. The document, dated Feb 16,1995, was signed by Chit Maung who is the manager of the Myanmar [Burma] Timber Enterprise.

He also denied earlier reports saying that the KNPP stronghold around Kauk Kauk Hill had already fallen into Burmese hands and that his group had sent representatives to meet with opium warlord Khun Sa seeking aid.

However, both the KNPP and Khun Sa's Muang Tai Army (MTA) were exchanging information about military activities in their respective areas which are next to each other and currently under attack by the Burmese army, the source said.

The source said fighting was still continuing yesterday morning in Mae Rayu area, which is less than 10 miles from the Thai border.

Terms of SLORC-Mon Cease-Fire Detailed

BK0907070695 Bangkok THE NATION in English 8 Jul 95 p A4

[Article by Yindi Loetcharoenchok: "Mon Ceasefire: Towards Lasting Peace?"]

[FBIS Transcribed Text] "For the first time in about four decades the Mon people in the cities and those in the jungle met and were reunited. It's a very happy event. And for the first time also I will be able to go back to visit my hometown," announced a joyful senior leader of the New Mon State Party (NMSP) early this week.

Like tens of thousands of Mon fighters and refugees, and millions of other Mon people in Burma, the NMSP leader wishes to see an eventual lasting peace in his Mon land and, ultimately, in the whole Burma — a country which has been seen wars of all kinds, just right after the end of World War II.

The described jovial atmosphere and reunion took place last week when a 27-member NMSP delegation, led by Vice President Nai Htin, travelled from their headquarters on the Thai-Burmese border — just across from Thailand's Kanchanaburi province — to the Mon State capital of Moulmein to attend the ceremony on June 29, marking the ceasefire agreement between the group and the Burmese junta, the State Law and Order Restoration (Slorc). Both sides did not sign any document.

Like 14 other ethnic groups that had earlier struck separate truce agreements with the Slorc, the Mon organization was left with no other alternative but to seek peace talks with the Slorc and retain the status quo. The Mons realized that if the peace talks failed to be held, they would be marginalized as a negligible resistance, or worse still be completely wiped out by the more superior Burmese army.

While some of the early groups had entered into ceasefire agreements for purely economic reasons, others have been pressured by the changing global and regional geopolitical environment. Also the West's growing interests in resource-rich Burma, which prompted many developed countries to soften their stance towards the regime in Rangoon and to weaken their support for the Burmese Opposition and armed ethnic fighters, was a contributory factor.

Likewise, after nearly half a century of indecisive civil wars, the border population, whose life and well-being have been routinely disrupted by sporadic military conflicts, long to see an end to armed hostility. Because of this, they have often urged the ethnic guerrillas to seek other alternative approaches to end this costly violence.

The reluctant Mon group, with pressure from some powerful Thai policy makers in cooperation with some businessmen, was forced to enter the first dialogue in Moulmein with the Slorc in December 1993. The talks, followed by two others in March and July 1994, broke down as both sides could not accept the other's strategic, political and economic demands.

But with the assistance and coordination of three mediators — two Mons and one ethnic Kachin — both sides resumed negotiations after a long lull. Surprisingly, a breakthrough followed by a subsequent agreement were reached in the early June meeting this year.

The NMSP has been grateful to the unsparing "efforts and sincerity" of the three mediators who had travelled back and forth several times between Rangoon, Moulmein and the border to facilitate the peace process. The three are an elected Mon MP, Nai Khin Maung, from the Mon National Democratic Front; Nai Pe Tin, a Mon trader from Moulmein; and U Khun Myat, a Kachin businessman who had earlier helped and mediated in the truce deal between the Slorc and the Kachin Independence Organization.

The three mediators were present at the Mon-Slorc meeting in June and also at the June 29 ceasefire ceremony. Slorc strongman Lt Gen Khin Nyunt and about 10 other ministers flew in from Rangoon to attend the 60-minute event in the morning, where about 2,000 local Mon representatives and dignatories were also invited. Outside the regional military headquarters 3,000-4,000 local people, students, medical doctors, nurses, and government servants gathered outside to celebrate the occasion.

During the ceremony, Nai Aung Naing, a NMSP vice secretary for central military committee, also handed Maj Gen Ket Sein, commander of Burmese Southern Command who headed the Slorc negotiating team with the Mon, a list of 7,000 Mon troops and militia forces and 8,000 arms.

According to the senior Mon leader, who was a member in the peace delegation, the success of the fourth round of talks came about because of the willingness of both sides to compromise.

"Negotiations are like trade. Sometimes you have to reduce the price and sometimes you have to bargain. Both sides have changed their attitudes. We (NMSP) have changed ours and so did the Slorc. The three mediators have been very helpful as well," said the senior Mon leader.

He said he did not know why the three mediators were allowed to attend the Mon-Slorc negotiations while the Slorc had repeatedly rejected similar requests by another armed ethnic ally, the Karen National Union, to have a third party witness or a guarantor in its peace talks with Rangoon.

After the morning ceremonial formalities, the Mon delegation met with Khin Nyunt and other Slorc ministers to discuss about "regional development programmes," where the ethnic team raised its proposals and requests concerning the issues of refugees and their resettlement, economic activities, regional development projects, health and education issues.

In the agreement, the NMSP was allowed to retain its armed forces, weaponry and 20 of its controlled territorial areas in Mergui, Tavoy, Moulmein and Thaton while civilians and villagers could travel freely without hindrance from the two parties. Also, unarmed troops would first have to ask permission from either side before travelling. Initially, the group had demanded control of more than 20 areas.

Burmese troops however would be allowed to pass through the NMSP areas during their regular changes of duty.

The guerrilla group would establish a "liasion office" in Thanbyuzayat, Ye, Three Pagoda Pass, Moulmein, and Mergui to coordinate contacts and communications between both sides.

The Slorc would respect the Mon ethnicity, its culture and education, and allow public campaigns to preserve them. Rangoon has responded positively to the NMSP request for the release of Mon prisoners of war and political detainees, unless they were found to be "criminals." The ethnic group would provide the Slorc with a list of these prisoners.

The Mon delegation has informed and requested the Slorc to allow it to conduct economic activities such as logging and fishing business, import-export trading and taxation but the Rangoon military junta has not yet officially replied.

Both sides did not touch on the issue of the multi-billion-dollar gas pipeline project that will transport gas from the Gulf of Martaban for sale to Thailand. But Slorc leaders it seems urged the Mon delegates to help oversee the project as it would bring economic progress and prosperity to the country and the Mon State.

"When the gas project begins to operate, the Mon State will be richer than other regions," the NMSP leader quoted one of the Slorc members as saying. After the ceasefire, the NMSP, said the leader, had yet to formulate an official position on the gas pipeline project.

Also, the ethnic team specified what kind of primary and secondary schools, roads and dams together with hospitals, it wanted the Slorc to build or help improve.

On the issue of over 11,000 Mon refugees who have been seeking refuge in four border camps along the Thai-Burmese border, the NMSP wants to see two of the camps — Halockhani and Payaw — relocated to new sites a few kilometres further into the country where fresh water is available.

The Slorc, as expected, turned down the NMSP request for crossborder assistance — food and medical supplies — to these refugees saying that if non-governmental organizations (NGOs) carrying out humanitarian relief want to assist the fugitives, they would then have to do it through Rangoon.

"As the issue has not been agreed upon and the Slorc knows that the refugees have been receiving crossborder aid from NGOs in Thailand, we do hope that they would not officially hinder the flow of the assistance. We prefer to keep quiet and let things proceed quietly as it is," said the senior Mon leader.

The Slorc has forbidden other groups from receiving crossborder or direct assistance programmes from private aid agencies after a ceasefire agreement. Those agencies, which want to do so, will have to contact and receive official endorsement from Rangoon.

Although both sides have preferred to put aside, at least for the time being, sensitive issues of refugees and assistance, economic activities and particularly political agenda, the NMSP has made clear its position that the truce does not mean that it has surrendered or given arms to the Slorc.

The NMSP has also informed the Slorc that it considers other armed ethnic guerrilla forces including the embattled Karen National Union (KNU) as allies and has been in touch with them. It has unofficially urged the Slorc to talk with the KNU, the only group that has not yet entered into peace dialogues with Rangoon.

The ethnic team has also declared its position at a grand dinner gathering of about 200 Mon guests at the Moulmein Hotel organized by the local Mon populace on July 1 to celebrate the ceasefire pact.

The gathering was informed of the details of the agreement and the policies and objectives of the NMSP including its future plan. "Everybody has a better understanding of what we (NMSP) are and have been doing. They are very pleased and happy with the truce. Previously, only 50 per cent of the Mon people had a true idea of us, but now I would say about 80 per cent have got a better understanding of the development," said the leader.

The Mon group, like other Burmese ethnic nationalities, knows that truce is only a "temporary" mechanism and a beginning of a more arduous task to find a political solution to their struggle for ethnic rights and autonomy. They share the aspirations and hopes that a government in Rangoon with a genuine political will, courage, and an open-minded attitude will emerge one day to resolve, once and for all, the chronic problems of Burma's ethnic diversity through a comprehensive peaceful political settlement.

Brunei, Malaysia & Singapore

Malaysia

Official Visit by Pakistan's Bhutto Continues

Mahathir Hosts Banquet

BK0707131095 Kuala Lumpur THE STAR in English 7 Jul 95 p 2

[FBIS Transcribed Text] Kuala Lumpur — The private sectors of Malaysia and Pakistan have the resources, talents and skills to make a great impact on some third countries, Prime Minister Datuk Sri Dr Mahathir Mohamed said last night.

He suggested that their private sectors develop closer economic relations with the Central Asian republics, countries which were formerly part of the Soviet Union.

"It is for this reason that Malaysia follows with keen interest Pakistan's efforts to open up overland routes to these countries, Dr Mahathir said at the official dinner in honour of Pakistan Prime Minister Benazir Bhutto at his residence Sri Perdana here.

Benazir arrived here yesterday afternoon for a three-day official visit to enhance bilateral relations, especially in trade and investment with Malaysia. Accompanying her are Pakistani business leaders and private sector representatives.

Dr Mahathir said Malaysia followed with great interest Pakistan's efforts to strengthen the democratic processes and institutions in the country to bring about better socioeconomic condition for its people.

"We welcome the various measures that you have initiated to stimulate economic growth and promotion of foreign investments," he said.

Dr Mahathir was confident that bilateral discussions to be held here today would identify new opportunities for effective collaboration.

Benazir said Malaysia had embarked on a programme of economic development which many nations would wish to emulate.

"Your Vision 2020 is providing the motivation for Malaysians to work even harder to achieve targets that will place their country among those of the developed world," she said at the dinner.

She also congratulated Dr Mahathir on the recent general elections victory where the government was returned with the largest ever majority in Malaysia's political history.

Benazir said her government also had a vision for Pakistan. "We are striving for a Pakistan where citizens live in peace and harmony and enjoy the fruits of economic and social development.

Commentary Hails Visit, Ties

BK0907111395 Kuala Lumpur Voice of Malaysia in English 0810 GMT 7 Jul 95

[Station commentary]

[FBIS Transcribed Text] Pakistan Prime Minister Benazir Bhutto's visit to Malaysia currently has a strong focus on taking bilateral economic ties to a significant plane. This is not surprising given that Pakistan only liberalized its economy in the 80's.

As such, many Malaysian businessmen and potential investors will start to look for joint ventures in that country. But her entourage includes a high-powered business delegation. A business meeting with the National Chamber of Commerce and Industry is also part of the agenda. It reflects the new seriousness in enhancing the Pakistani economy.

Currently, the Indian subcontinent fares among the poorest after the African continent. Pakistan knows fully well the vicious cycle of poverty and how crippling it can be. Even more so is that it leads to developing countries being dependent on the richer nations. Thus they are subject to prejudice and manipulation. This, Pakistan can do without.

Malaysian businessmen should realize that Pakistan now practices full liberalization. Therefore, there are abundant opportunities. The country offers an ideal location to undertake (?regrowth) investment. In view of the country's vast population, it makes economic sense to relocate labor-intensive industries to Pakistan. This will be a cost-competitive move for Malaysian firms.

Against this scenario, Benazir's visit will open up a new era in Malaysia-Pakistan ties. During the visit, several trade agreements are expected to be signed. This will pave the way for greater trade and investment linkages.

However, ties on the economic front has so far been some what discouraging. Economic ties should not just be consigned to bilateral trading. They should take the form of strategic alliances through investment in vital industries. Potential areas include down stream processing in resource-based industries such as palm oil, rubber and wood-based activities. All this would go a long way in boosting South-South cooperation.

Benazir's last visit to Malaysia was in 1989, when she attended the Commonwealth Heads of Government Meeting (CHOGM). Even then, it was noted that developing countries should take it upon themselves to enrich their economy, only then would they be able to shrug off their dependence on the industrializes countries.

As such, it is vital that the Group of 15 or G-15 developing nations seek to establish concrete trade and investment. As members of G-15, Malaysia and Pakistan have taken the right step toward enhancing South-South cooperation. Even now, despite the rhetoric, South-South cooperation could do better.

Rather than just looking at developed markets, the market potential in this part of the world should be exploited to the fullest. Pakistan has a lot to gain from Malaysia as it can use it as a base to the larger ASEAN markets.

A Pakistani exports exhibition is also slotted for the weekend. It demonstrates the Pakistan's eagerness to bring more trust and step up economic linkages with Malaysia. [Words indistinct], the ensuing increasing protectionism and competition, this augurs well for the future of both countries.

Mahathir, Bhutto Discuss Trade

BK0707101595 Kuala Lumpur Voice of Malaysia in English 0800 GMT 7 Jul 95

[FBIS Transcribed Text] Malaysia has assured Pakistan that it will encourage its private sector to seek investment opportunities in Pakistan to overcome the trade imbalance between the two countries.

Prime Minister Datuk Sri Dr. Mahathir Mohamed gave the assurance to his Pakistani counterpart, Puan [Madame] Benazir Bhutto, in a one-hour meeting at the Prime Minister's Department in Kuala Lumpur today.

Foreign Minister Datuk Abdullah Ahmad Badawi, who briefed reporters on the meeting, said that Benazir had suggested that Malaysian private firms venture into fields like shipping, mining, and transportation. In this respect, Kuala Lumpur and Islamabad signed an agreement on economic, scientific, and technical cooperation and another on promotion and protection of investment. The first agreement was signed by Datuk Abdullah and Pakistani Minister of State for Finance Makhdum Shahabuddin, while the second agreement was signed by International Trade and Industry Minister Datuk Sri Rafidah Aziz and Shahabuddin.

Later today Puan Benazir Bhutto attended a briefing on Malaysia's development and progress at the Economic Planning Unit in the Prime Minister's Department. Bhutto showed interest in the government's policy to eradicate poverty and to increase the standard of living and economic status of the people.

Meanwhile, Pakistan has invited Indah Waters Consortium Berhad [limited] to conduct a study on the possibility of implementing a waste water treatment system similar to that implemented in the country. Indah Water's chief operations officer, Mustapha Kamal Murrani, said it would be a big opportunity for his company to spread its wings to Pakistan.

Pakistan's waterworks system was managed by its local authority and it hopes to implement the system under the privatized contract, preferably with Malaysia.

He told reporters this after receiving the chairman of Pakistan Parliament's Environment Committee, Asif Ali Zardari, at the Pantai Dalam sewage treatment plant in Kuala Lumpur today.

Asif Ali Zardari, the husband of Benazir Bhutto, also paid courtesy call on Science, Technology and Environment Minister Datuk Law Hieng Ding.

Datuk Law later told reporters that Malaysia will study the practice of adoption of forest by independent powers producers. He said that the program was practiced in Pakistan where all independent power producers adopt forest or participate in reforestration known as [word indistinct] trade of financing.

Bhutto Invites Investment

BK0907074495 Kuala Lumpur Radio Malaysia Network in Malay 1200 GMT 8 Jul 95

[FBIS Translated Text] As modern Muslim countries, Malaysia and Pakistan are expected to become leaders in a dynamic era when Asia becomes the center of activity in the 21st century.

Pakistani Prime Minister Mrs. Benazir Bhutto believes that such an ideal can be achieved through the promotion of investments in the two countries. She called on Malaysian investors to start investing in Pakistan, which has managed up to now to attract U.S.$20 billion in foreign investments. She was speaking at a luncheon attended by Malaysian businessmen in Kuala Lumpur today. Mrs. Bhutto then witnessed the signing of three memorandums of understanding between Malaysian and Pakistani companies. Tan Sri Gazalie Shafie, chairman of the Sabah Shipyard Private Partnership, signed on behalf of the Malaysian company. Under the memorandum of understanding, the Malaysian company will build a 288-megawatt power plant in Karachi.

Mrs. Bhutto said Pakistan will continue to attract foreign investors despite the frequent riots, especially in Karachi. She said her government guarantees the safety of all investors. She said this at a press conference at the end of her three-day official visit to Malaysia. She said the latest riot in Karachi on Thursday was a tragic event that the Pakistani people have had to endure for the last 10 years. However, investors can still invest in other cities which have the potential of becoming new trade and commercial centers.

[Begin Bhutto recording, in English] The average growth of Pakistan in the last 10 years has been six percent and the rise of violence in Karachi has been associated with the rise of the Altaf group and that has been going on for 10 years. You can see that with an average of six percent in 10 years, Pakistan's economic growth has not been held hostage to ethnic troubles in one city of a country with 125 million people. [end recording]

Bhutto on Bosnia Peacekeepers

BK0907063395 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 8 Jul 95

[FBIS Translated Text] In a special interview with RTM, Mrs. Benazir Bhutto said Pakistan will maintain its peacekeeping forces in Bosnia even if the United Nations decides to withdraw its troops.

[Begin Bhutto recording, in English] It is not likely that the UN will pull out, but the possibility remains. Therefore, we have asked Malaysia if it intends to continue staying. We would also like to continue staying, and we would like this matter discussed by Malaysia with Pakistan, with Turkey, with Bangladesh, and other Muslim countries that have contingents in Bosnia, because if we all stay together, then there will be safety. But if we act individually, it can lead to unfortunate circumstances. But we feel that it is not right to let down the people of Bosnia who are victims of naked aggression and this aggression is taking place in the heart of Europe. [words indistinct] that Europe, which has been a leading proponent of human rights, of freedom, of democracy, of the sanctity of life, is allowing this carnage and this bloodshed to continue. We do feel that since this is Europe, the European troops should be in the forefront of the UN peacekeeping efforts. But if the European troops do not wish to fulfill their obligation, then we would be happy to come, to augment the UN forces in Bosnia. [end recording]

Bhutto Ends 3-Day Visit

BK0907104695 Kuala Lumpur Voice of Malaysia in English 0800 GMT 9 Jul 95

[FBIS Transcribed Text] Pakistan Prime Minister Madame Benazir Bhutto, left Kuala Lumpur for home today after a three-day official visit. Foreign Minister Datuk Abdullah Ahmad Badawi and his wife, and other government officials were at the airport to see her off.

During the visit, Madame Benazir managed to take back U.S.$500 million worth of investment clinches to her country. Yesterday's signing of three memoranda of understanding [MOUs] committing Malaysian companies to the $500 million worth of investment, could be seen as a sign of the growing acceptance of Pakistan as a viable investment venue.

Under the MOUs, two firms will be involved in the construction industry, including the building of 60,000 houses annually and other infrastructural and commercial projects in Pakistan. While the third, clinched the deal to set up a power plant in Karachi.

The Pakistani leader also underlined other areas where Malaysia could establish a strong presence, including power transmission and distribution, railway projects, shipping, mining, oil and gas explorations and palm oil processing.

She extended an invitation to Prime Minister Datuk Sri Dr. Mahathir Mohamed and Malaysian businessmen to visit Pakistan to explore possible economic ventures.

Cambodia

Khmer Rouge Radio Airs 'Open Letter' to U.S.

BK0807095595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 7 Jul 95

["Open letter of the Provisional National Commission Opposing the Second U.S. War of Aggression in Cambodia to the people of the United States, Australia, and France, to reconsider the erroneous policy of these three countries' administrations in Cambodia"; dated 30 June — read by announcer]

[FBIS Translated Text] The communist Vietnamese waged a war of aggression against Cambodia with over 250,000 troops for 13 years, with all kinds of assistance and support from the former Soviet Union and the Warsaw Pact, but they failed to smash the Cambodian nation and people. On the contrary, they were shamefully defeated and were forced to sign the Paris agreement on 23 October 1991 to end their war of aggression in Cambodia.

However, the U.S. administration did not draw any experience from this communist Vietnamese defeat and refused to learn a lesson from its own defeat in Cambodia. The U.S. administration violated the Paris agreement and destroyed Cambodia's national reconciliation. It has cooperated with communist Vietnam to fuel the communist Vietnamese war and opposed the will of the entire Cambodian nation and people in and outside the country.

What is the war situation that the alliance and the United States, in cooperation with communist Vietnam, continue to fuel in opposition to the will of the Cambodian nation and people?

Everyone knows and says that the communist Vietnamese war, which the alliance and the United States continue to fuel since 1993, has been further defeated and repeatedly so, since the beginning. In this 17th rainy season, the two-heads, stooges of communist Vietnam and the alliance, are flat on their back; they cannot get up. This clearly confirms that they have fallen into the final position of defeat. Why are they being defeated?

First, the war they are waging is against the will of the 9 million Cambodians who want peace and national reconciliation. Second, it is because the two-heads, stooges of communist Vietnam and the alliance, are good for nothing; they are very dumb, corrupt, and dollar-grabbing. Third, the communist Vietnamese aggressors' war, which the United States and the alliance, continue to fuel, relies on the forces of communist Vietnam and its puppets whom the Cambodian people detest like excrement. The latter have united to fight these guys for 13 years.

For these reasons, despite efforts by the United States and the alliance to assist the two-heads with thousands of millions of dollars, the communist Vietnamese aggressors' war being fueled by the United States and the alliance continues to be defeated, and not just on the battlefield. The forces of the United States and the alliance have been smashed, destroyed, and swept away by communist Vietnam and its puppets. Thus, the United States and the alliance have been left empty handed; their money has been wasted and their purse left in rags. Their facial expression makes them look like macaque monkeys.

Now the two-heads, communist Vietnam, and its puppets continue to carry out fascist and dictatorial acts to kill the Cambodian people and to repress and intimidate those who defend the nation's interest. They have barbarously and savagely carried out this repression; there is no democracy, no human rights, no ethics, and no humanitarianism whatsoever.

This is the consequence of the erroneous U.S. policy in Cambodia. This erroneous policy benefits only communist Vietnam, leaving the United States and the alliance empty handed. The latter has lost money with their names tainted for nothing. If the United States continues this erroneous policy it will be defeated, like communist Vietnam and like the United States itself in the 1970's.

Therefore, our commission would like to appeal to the peace and justice-loving people in the United States, Australia, and France, to pay great attention to the erroneous policy of these three countries' administrations in Cambodia and to call for an immediate end to this erroneous policy. This erroneous policy destroys both the interest of the United States and that of the Cambodian people.

There is only one way to resolve this Cambodian problem, that is ending the communist Vietnamese aggressors' war and restoring peace and genuine national reconciliation in Cambodia. This way would benefit everyone: the Cambodian people, countries in the region, and the Western countries.

Phnom Penh, 30 June 1995

[signed] The Provisional National Commission Opposing the Second U.S. War of Aggression in Cambodia

Hun Sen Urges New Assembly Human Rights Team

BK0707102395 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 7 Jul 95 pp 1, 11

[Report by Meanop]

[FBIS Translated Text] Samdech Hun Sen, Cambodian second prime minister, in his role as a National Assembly member, has appealed to the entire National Assembly to review the National Assembly's Commission for the Protection of Human Rights, particularly the chairman of the commission, who according to the samdech, has "a double standard" concerning human rights and democracy.

Samdech Hun Sen said this at the closing of the first congress of the Alliance of Cambodian Journalists (ACJ) on the evening of 4 July, stressing that "I will directly call on the National Assembly to review the composition of the Human Rights Commission to see whether it is possible for the commission to have a new team; as a National Assembly member, I will not let anyone have a monopoly on human rights ... I and the 51 Assembly members from the Cambodian People's Party [CPP], with the support of Assembly members from FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], will propose that the leadership of the Human Rights Commission be reelected."

Although Samdech Hun Sen did not mention a name, the person he thought has a "double standard" on human rights and democracy is Kem Sokha, chairman of the National Assembly's Human Rights Commission. This is related to the latter's recent accusation according to which "the expulsion of Sam Rangsi from the National Assembly was a violation of the law and of human rights." At the same time Kem Sokha himself also asked for the expulsion of Information Minister Ieng Muli from the National Assembly.

Samdech Hun Sen pointed this out to over 100 journalists saying that "on 22 June he (Kem Sokha) said that the expulsion of Sam Rangsi was illegal and a violation of human rights. Listening to this, it sounded very nice, very good, as far as respect for human rights and democracy go. However, if you read the minutes of the meeting of the National Assembly's standing committee on 19 June, the same person asked for the removal of Ieng Muli..."

Samdech Hun Sen has also talked about this issue to REAKSMEI KAMPUCHEA saying that if a person is a politician with "principles" he should oppose the removal of any National Assembly member. However, when the push to have Ieng Muli removed failed, Kem Sokha was not pleased and turned to saying that Sam Rangsi's removal was in violation of the law and of human rights... This is a double standard. The fact is that the proposals to remove Ieng Muli and Sam Rangsi are two different cases. Ieng Muli has the support of the majority of his party's executive committee. On the contrary, the FUNCINPEC executive committee proposed Sam Rangsi's removal from the National Assembly.

Samdech Hun Sen seemed to have directly made an accusation saying that "human rights and democracy do not belong to anyone in particular... with human rights, they go around slandering the government one thing after another and appealing to foreigners to interfere in Cambodia's internal affairs... Independence, sovereignty, and territorial integrity have been talked about. However, some Cambodians have themselves appealed to foreigners to put pressure on the government and the National Assembly...." "I therefore ask that the National Assembly consider reelecting the Human Rights Commission."

According to the National Assembly's internal regulations, Article 6 stipulates that "under the chairmanship of the National Assembly Chairman, the National Assembly proceeds to elect members of the National Assembly's various commissions." Article 10 says that "each commission votes to elect a chairman, a vice chairman, and a secretary. Each commission has at least seven members."

Loy Simchheang, first vice chairman of the National Assembly, talked about this issue to REAKSMEI KAMPUCHEA on the telephone on the evening of 5 July saying that in each of the nine National Assembly's commissions, three members come from FUNCINPEC, three from the CPP, and one from the Buddhist Liberal Democratic Party. He stressed that according to the procedure "if the six members in a commission signed a petition requesting a change in the commission's chairmanship, this petition will be submitted to the National Assembly's Standing Committee for consideration... In the same way, a proposal by National Assembly members (in great or small number) requesting the reelection of any of the National Assembly's commissions, will have to go through the National Assembly's Standing Committee... before any decision can be made....

Thailand

Reaction to U.S. Chat Thai Drug Allegations

Article Condemns 'Interference'

BK0807102095 Bangkok SIAM RAT in Thai 7 Jul 95 p 8

[Article by Khaisaeng Suksai: "U.S. Nature and Thailand's Pride and Independence"]

[FBIS Translated Text] The Chat Thai Party is in the process of forming a new government to replace the old one of the Democrat Party, which did not get enough votes from the people this time to form the government. The Chat Thai Party has been given the mandate to form a government.

I was a member of parliament and have witnessed several formations of government in the past. I believe the Chat Thai Party will be able to get the seven political parties to come to a compromise and agree to a cabinet line-up. I believe in the capability of Banhan Sinlapa-acha, leader of the Chat Thai Party, who will become the 21st prime minister of Thailand.

A smooth formation of the government is expected internally. Externally, friendly countries welcomed and supported the change in Thailand, which came as a result of democratic evolution.

The exception is the United States, which has interfered in the formation of the new government in Thailand. The U.S. Government has expressed reservations about the new government in Thailand, and this has caused discontent among the Thai people who feel that the United States, which is known as Thailand's great friend, harbors ill intentions toward the government formation, an attitude which is different from that adopted by other countries that have friendly relations with Thailand.

The statement from the U.S. Government was an act of interference, and it came at an incorrect moment. It reflects that the United States is not a friend of Thailand or the Thai people. It was an insult to the Thai Government, institutions, and the entire Thai people.

The U.S. Government, through its spokesman, cautioned that individuals suspected by the U.S. Government of involvement in narcotics trafficking should not be appointed to the cabinet since this could complicate relations between the United States and Thailand.

The U.S. suspicion was unfounded, and it constituted an insult to Thailand and the Thai people. It was an act of interference in Thailand's internal affairs — an act committed by the United States all throughout its relations with Thailand. Not only Thailand, but also other countries, especially the newly independent states, are subjected to U.S. interference, pressures, and threats. This is why all countries, big or small, have hatred, fear, and disrespect for the United States, despite its claim to be the world supervisor.

It is this world supervisor that has been interfering in all affairs of others — political, diplomatic, military, and strategic.

Thailand is considered a close ally of the United States. Through this closeness, the United States has been interfering in all affairs of Thailand — political, educational, cultural, and military, labelling it assistance.

U.S. assistance and its influence has corrupted Thailand in terms of social and moral values. It has destroyed Thailand's tradition and culture. It has brought decadence and corruption to Thai society. As Thailand's great friend, the United States abused Thailand with all its power under the cover of assistance and advice.

In fact, it just wanted to destroy Thailand, not to help Thailand in a constructive way. The point and purpose of U.S. relationship with Thailand was to divide the Thai people. Even worse, with information provided by the ill-intentioned elements in Thailand who wanted to pit Thai against Thai, the United States has become more and more arrogant in its misconduct toward Thailand the Thai people.

At the time the United States was waging war against communism and trying to counter communists in some countries by preaching democracy American-style, a large number of people in Thailand became victims of persecution by the Thai Government under pressure from the Americans. They were branded communists or communist sympathizers. A large number of the Thai people became victims of false accusations. They included businessmen in various sectors, professors, teachers, writers, journalists, politicians, and doctors. They were given charges of treason against the kingdom and the monarchy. A large number of them, including this writer, was arrested. However, as there was no truth to the accusations, those people were set free eventually.

All that was the work of our great friend, the United States, through unfair charges and accusations made.

The Thai military and police were once pitted against one another by the Americans. It was Field Marshal Sarit Thanarat and Police General Phao Siyanon, the two close friends, who, through U.S. incitement and accusations, turned into enemies to the extent of attempting to eliminate one another through power seizure.

Several coups d'etat in Thailand can be attributed to U.S. interference. Not only Thailand, but also Indonesia, the Philippines, Vietnam, Laos, and Cambodia have come under U.S. clandestine pressure. This resulted in a state of no peace in those countries and lead to some of them being divided between North and South.

Now the United States is using narcotics as a tool to destroy others through propaganda and accusations against countries and their peoples. Thailand and its people are no exception.

Thailand is an independent country that has never been a colony. It is therefore impossible for the Thai people to succumb to U.S. threats and pressure. Instead, they have stood up to condemn the great friend who harbors an ill intention against Thailand and the Thai people.

Concerning U.S. accusations against Thai individuals, the police, through the police director general, and officials of the Office of the Narcotics Control Board, declared that they had no evidence to prove that any members of parliament in Thailand had any link with narcotics trafficking as charged by the U.S. Government, otherwise they would already have been prosecuted by the Thai Government and Thai police according to the law of the country.

U.S. reservations concerning the formation of a new government in Thailand cannot be viewed as other than an insult to the Thai people, institutions, the police director general, as well as the Office of the Narcotics Control Board, which also comprises U.S. Government officials.

As a Thai who has seen, from past to present, that the United States harbors an ill intention toward Thailand and the Thai people, I therefore condemn the United States, which is a bogus power always attempting to destroy other countries through unfair accusations.

The Thai people must not allow the United States to trample on our pride and honor. We must not allow the United States to continue infringing on our independence and national sovereignty.

Watthana Welcomes Investigation

BK0807100895 Bangkok THAILAND TIMES in English 8 Jul 95 p A1

[FBIS Transcribed Text] Bangkok — Chat Thai Party (CTP) deputy leader Watthana Atsawahem yesterday said he is ready for any investigating committee to look into the US drug trafficking allegations against him before he assumes a Cabinet post in the coalition government.

"I still insist I am not involved in any illegal activity. For the past year, people have been investigating my case but nobody can prove anything," Watthana said.

Watthana added he would like the US embassy in Thailand to set up an investigation which would eventually prove his innocence, instead of leaving the allegations hanging over him unresolved.

The US State Department recently issued a statement saying US- Thai relations could be strained if Watthana, who was denied a US entry visa due to suspicions of drug trafficking, is appointed to a Cabinet post.

Watthana said this issue is very important and he can not solve the problem alone.

He hinted that the party leader and secretary-general have the responsibility to settle the problem and should speak up for him.

CTP secretary-general Sano Thianthong said Watthana must clear himself of the allegations before he may accept a Cabinet post.

"It will finally be decided whether or not Watthana is innocent. If it is found he is not guilty, the issue may be dropped. However, if it seems the allegations are well-founded, we will not deny the facts and let the courts of law decide how to proceed," said Sano.

Sano further said that Banhan had proclaimed the Cabinet appointments will not disappoint the people. Therefore, CTP leaders must soon make a decision on the problem.

A key adviser to the expected prime minister Banhan Sinlapa-acha has recently called for the new government to set up a national committee to investigate the US allegations. The national committee should also ask the US to send over all evidence relating to the case. The committee would be comprised of respected officials from various government agencies, and the judgment of the committee would be final.

Nam Thai Party leader Amnuai Wirawan said the decision on the Watthana case first has to wait for the CTP's leader's consideration. Once Banhan makes a public statement on the issue, other coalition partners will express their opinions.

However, Amnuai said the CTP should not appoint Watthana to a Cabinet position without first allowing other parties to give their opinions or to join in the discussion.

The outgoing government's Deputy Foreign Minister Surin Phitsuwan said he can not make a decision on the Watthana case, because he will soon be leaving his post. He added the case should wait for the new foreign minister to assume office, because it was a policy issue and his decision might differ from that of the new government.

Banhan Called on To Deal With U.S.

BK0907101595 Bangkok THE SUNDAY POST in English 9 Jul 95 p 1

[FBIS Transcribed Text] Prime Minister Chuan Likphai yesterday rejected a call by a senior Chat Thai member for his outgoing administration to take the initiative in pressing the United States to quickly clarify drug allegations concerning Watthana Atsawahem.

The Chat Thai Party, which will serve as the core of the next coalition should handle the question as the outgoing administration no longer has the right to interfere, according to Mr Chuan.

"The present government will not be able to do anything and it has no power to alter the facts which the US has.

"If Chat Thai still has reservations (about the allegations), it only needs confirm its readiness to listen to the information that the US has," Mr Chuan said.

He said the government had no power to influence the US and the local and foreign media.

"Banhan (Sinlapa-acha, Chat Thai leader) can seek to clarify this matter directly with the US when he becomes prime minister.

"That's the best way to get them (the Americans) to reaffirm whether (the allegation) is true.

"The present administration has no wish to take up the initiative on this because it has already been accused by some Chat Thai members of being behind the controversy," the Democrat leader said.

The Chat Thai members should use their common sense not to put the blame on the government, but the Americans, he said.

Chat Thai executive Pongphon Adireksan called last week for the Chuan Likphai coalition to tell the Foreign Ministry to set up a joint panel with the US to clear up allegations of Mr Watthana's alleged links to drug trafficking.

The work should be completed as soon as possible so the Government could be set up smoothly and to ensure fairness for Mr Watthana, Mr Pongphon said.

Mr Chuan said he had no plan to compete with Chat Thai in forming the new government. Mr Banhan should feel free in forming the coalition.

He dismissed speculation that his party planned to merge with Seritham so that it could compete with Chat Thai in serving as the core of the next government.

Party mergers were not easy, he said, because of their differences of thought.

Banhan Urged To Decide

BK1007082095 Bangkok ZHONG HUA RIBAO in Chinese 9 Jul 95 p 4

[Article by Yu Luosha: "Prime Minister-Designate Banhan Should Not Bow to U.S. Pressure]

[FBIS Translated Text] As Banhan Sinlapa-acha is forming his coalition government, U.S. State Department Spokesman Nicholas Burns issued a warning to Thailand once again that the appointment of politicians suspected of being involved in drug trade to cabinet posts could strain relations between the two countries.

The United States brazenly interfered in Thailand's internal affairs. Prime Minister-Designate Banhan should not bow to the pressure and shrink back. He should respond to the Untied States by appointing Watthana Atsawahem a cabinet minister. Otherwise, it will BE tantamount to admitting that Watthana is involved in drug trafficking. As Watthana is not involved in drug trafficking, he should be given a cabinet post. If not, it will not only cause damage to the country, but will also be unfair to Watthana.

Phalang Tham Party Leader Thaksin Chinnawat pointed out that the United States should provide evidence to back its charges against Thai politicians suspected of being involved in drug trade.

Army Commander General Wimon Wongwanit said that Banhan should make his decision. He should not be nervous and worried about the U.S. interference.

Thailand is a sovereign country. The Thai Government is elected and supported by the Thai people. So, it should not be afraid of U.S. political interference.

Chat Thai Party Deputy Leader Watthana should know very well in his heart whether or not he was involved in drug trafficking. If he was really not involved in drug trafficking, he should not be afraid. He should insist on taking up a cabinet post to work for society, for the prosperity of the country, and the happiness of the people. He should also file a defamation lawsuit to claim compensation from the United States.

If Watthana is involved in drug trafficking, then he should not take any cabinet post. Otherwise, if the United States shows evidence to the world community, he will lose his face. His children and grandchildren will regret it all their life. Thailand and the Thai people's image in the international arena will also be affected.

Prime Minister-Designate Banhan should make a decision about Watthana's case since he should have gained some understanding on whether or not Watthana was involved in drug trafficking.

If Watthana was really involved in the drug trade, Banhan should not appoint him to any cabinet post and should dismiss him as Chat Thai Party deputy party leader. He may even assign police authorities to investigate the drug allegations in order to prove Watthana's innocence. This will help protect the country's image and win Prime Minister-Designate Banhan public praise.

Softer Watthana Stance Possible

BK1007030695 Bangkok THE NATION in English 10 Jul 95 pp A1, A2

[FBIS Transcribed Text] Chat Thai deputy leader Watthana Atsawahem may show his "political spirit" by dropping his demand for a senior Cabinet portfolio if Chat Thai leaders do not isolate him, his close aide suggested yesterday.

"If they say that Watthana should fight on his own or try to clear himself first, that's tantamount to suspecting him of involvement in drug trafficking. In that case, Watthana would be annoyed," said Man Phatthanothai (Chat Thai-Samut Prakan), Watthana's personal secretary.

"However, if Chat Thai and the other coalition leaders express confidence in his innocence, Watthana could show his spirit (by rejecting a Cabinet post)."

Man's statement indicated Watthana might be softening his stand after his defiant demand last week for a senior Cabinet post became a major stumbling block to attempts to form a Chat Thai-led coalition government.

Man said Chat Thai leader Banhan Silapa-acha, party secretary- general Sno Thianthong and adviser Narong Wongwan had not yet discussed whether Watthana would head the Interior Ministry or get a deputy prime ministerial post.

The matter would be settled within 12 days, he said.

Sno, a promising candidate for the Interior Ministry portfolio, said earlier that Watthana should clear himself first and that the party would not isolate him.

He said Watthana should not leave the burden to Banhan or him to decide if he should take the Interior portfolio. Watthana himself should make that decision.

Former deputy finance minister Bunchu Trithong (Chat Thai- Lampang) proposed on Saturday that Watthana take the matter to the World Court.

Man said he did not think it was necessary to do that at this time.

The U.S. drug-link allegation was a thorn in Watthana's side, especially now when he had a chance to get a Cabinet post. Watthana was willing to appear on television to clear himself, Man said.

Once the Chat Thai-led government was formed, it would ask the United States to show evidence backing its allegation, he said.

There was a possibility that Watthana would not accept the Interior minister's post but would let someone close to him take it instead. Another possibility was for Banhan to concurrently become interior minister.

Man quoted Watthana as saying that Thais should believe in fellow Thais, especially after the Police Department had confirmed there was no evidence to implicate Watthana in drug trafficking.

"But we don't want him to have any Cabinet post, now that farang [Americans] have said something against him. That somehow affects our national dignity," he said.

However, former prime minister Anan Panyarachun said the new government had to listen to the international community's opinions to a certain extent regarding the formation of the new government.

"But, eventually, they have to listen to the opinions of the Thai people, particularly their outlook and faith in the new government," he said, adding that the new government should honor promises made during election campaigning.

Former Democrat leader Phichai Rattakun (Dem-Bangkok) said it was the new government's duty to ask the United States to forward evidence to back its allegation against Watthana.

Respected monk Phra Panya Nanthaphikkhu said anyone who aspired to be interior minister should look into himself to see whether he was truly qualified for the post. Otherwise he could damage the nation's international reputation.

Full U.S.-Vietnamese Diplomatic Ties Viewed

BK1007055795 Bangkok BANGKOK POST in English 10 Jul 95 p 4

[Editorial: "Clinton Bows to the Inevitable in Vietnam"]

[FBIS Transcribed Text] US President Bill Clinton will make the official announcement later this week, but it now is clear he has bitten the bullet on Vietnam. Washington will soon establish a full embassy in Hanoi for the first time since the 1954 communist victory. In the days since then, a lot of water has passed under the bridge. In addition, too much blood has been spilt. It has been said on many occasions since 1975 that an event "finally ends the Vietnam war." In truth, the war may never end for many, but the exchange of ambassadors between Hanoi and Washington is significant.

The beginning of the first full diplomatic relations between the two wartime antagonists is a watershed in several ways. It marks US acceptance of diplomatic reality. The ceremony establishing relations will be conducted by US Secretary of State Warren Christopher during his trip to the annual ASEAN foreign ministers' meeting. That meeting also will mark Vietnam's formal entry into the Association of Southeast Asian Nations. After decades of enmity and then caution towards ASEAN and its members, Hanoi will pass a watershed of its own later this month.

For Mr Clinton, ordering the recognition of Vietnam has been a personal test, as well as a political one. Condemned by many Americans for avoiding military service during the Vietnam era, the president has succeeded in winning strong support from influential right-wingers in favour of relations. Mr Christopher, for example, will be accompanied to Vietnam by Senator John McCain, a Republican who spent brutal years in Hanoi's prison camps as a captured pilot. He is one of many Americans convinced the advantages of official diplomacy with Hanoi far outweigh the old policies towards that nation's communist regime.

There will be rocky times and disputes between United States and Vietnamese officials and citizens in coming months and years. The small but powerful American lobby which champions the missing from the war has long opposed official relations with Vietnam. In addition to this emotional and sometimes mystical-appearing issue, however, are other more practical ones. There is the question of effects — and indeed the cause — of alleged Agent Orange deaths, disease and birth defects. Vietnam has not raised for many years the promise of aid made by former President Richard Nixon, but it may do so again.

Human rights will also be a major issue between the US and Hanoi in the future. Religious and political freedom in Vietnam is highly restricted. High-level disputes are predictable over the government's insistence on control over Roman Catholic and Buddhist institutions. Vietnam has shown some willingness to compromise on some cases, it is true. Just last Saturday, in an obvious political sop to Washington and its critics, Vietnam released political activist Tran Quoc Vong, who has spent 11 of the past 20 years in prison, and who will now travel to America. More problematically, Vietnam has been silent on the replacement of the Most Reverend Paul Nguyen Van Binh, archbishop in Ho Chi Minh City until his death last week.

The issue of prisoners of war and missing in action from the war is understandably emotional. In recent years, however, it has been apparent that Hanoi has offered its full offices in trying to help to clear up the issue. Americans "on the ground" in Vietnam have been unanimous in this. It is true that for years after the war, Hanoi hedged and exploited this sensitive issue, often to its own discredit. Those years are clearly in the past. Neither Hanoi nor Mr Clinton ever are going to account for all those missing from the war to the satisfaction of the loudest critics. This bedevilling issue will continue to rise from time to time. But the Americans have made the correct decision to continue the search for the remains of the missing in parallel with other nation-to-nation business.

For most of the world, the formal establishment of diplomatic relations between Vietnam and the United States was long expected. It had been clear for some time that only US domestic issues were holding up the inevitable. With Mr Clinton winning non-partisan political support, only small groups opposed the move. Few governments believe it is necessary to endorse a nation's political system in order to recognise its government and do business with its citizens. It is fitting that Vietnam is joining ASEAN at the same time Washington and Hanoi are establishing relations. With the former battlefields of the Vietnam war now peaceful, it is proper that all parties to the former war establish new relations.

Foreign Investors Seek Government Dialogue

BK1007060195 Bangkok BANGKOK POST in English 10 Jul 95 p 17

[Report by Darani Khothandapani]

[FBIS Transcribed Text] The new government should try to establish communications with foreign investors in Thailand, given their stake in new projects here, says Hiroyuki Maruko, president of the Japanese Chamber of Commerce [JCC] in Bangkok.

International credibility is important, especially now, with several mega-projects about to be undertaken by foreign companies jointly with Thai partners, he said. These include ventures in basic industries such as petrochemicals, iron and steel, and the independent power producer scheme.

According to Board of Investment statistics for January and February, 168 new projects worth 60.9 billion baht were approved.

Almost 70 percent of this investment came from foreigners, who were involved in 89 projects worth 43.8 billion baht. The Japanese headed the list with 38 projects worth 21.9 billion baht — 50 percent of foreign investment — followed by the U.S. which is involved in 10 projects, spending seven billion baht, said Mr Maruko.

"Keeping this in mind, we ask the new government not to change the economic and international trade policy established in the past by the Chuan government, which tried hard to maintain a good relationship with its international trading partners.

"If the new government wants to change the direction of the basic economic policy it will be hazardous."

Foreign chambers, for their part, would like to communicate with the new government. The JCC in Bangkok has started functioning as a secretariat for the foreign chambers, and is looking forward to inviting the new prime minister to address a meeting.

The Japanese Chamber reflects the views of most foreign chambers here, with all investors concerned over rumors that the new government will cancel commitments made by its predecessor.

The chambers have already expressed their views about the Alien Business Law and do not want to re-start discussions. There is a move to restrict the number of directors in proportion to shareholdings, but such issues should be sorted out between foreign and local partners, Mr Maruko believes.

Limits on foreigners' equity holdings should be relaxed, he said. Indonesia allows 100 percent foreign investment in all sectors, as does Philippines, where restrictions apply only to state-owned enterprises. Malaysia is moving in the same direction, he said.

According to official Japanese statistics, Japanese investment in Indonesia was U.S. $1.76 billion in 1994, up 116.4 percent. In the Philippines it was up 222 percent to $6.68 billion, and in China it rose by 51.7 percent to $2.57 billion.

Mr Maruko attributed the increase in Japanese investment in these countries to their relaxation of controls particularly with regard to equity. At the same time, Japanese investment in Thailand was up only 24.4 percent, to $7.19 billion, he pointed out.

The rising yen has driven several Japanese companies to explore establishing regional offices outside of Japan. But problems with work permits and visas, and Bangkok's traffic, are forcing such companies to go elsewhere, he said.

For example, Toshiba announced last week that it will locate its regional office in Singapore to source parts for its ASEAN operations. Thailand should not miss out on such opportunities, he said.

No Khmer Rouge Base on Territory Proven

BK1007080895 Bangkok Radio Thailand Network in Thai 0530 GMT 10 Jul 95

[FBIS Translated Text] The recent fighting between the forces of the Cambodian Government and Khmer Rouge caused a misunderstanding among foreign mass media that a Khmer Rouge force has set up an operation base inside Thai territory at Anma Pass in Ubon Ratchathani Province. To clarify doubts and correct this misunderstanding, the Suranari border task force today accompanied mass media representatives on a helicopter trip to inspect the said area. On this occasion, explanations by task force officials were made live via satellite while questions were also asked through long distance calls by mass media from the press room of the Army Secretariat.

Colonel Wirawut Songsai, deputy commander of the Suranari task force, confirmed that the task force has acted strictly in accordance with the policy and instructions of the Army commander and the chief of the second Army region in cases where artillery shells fall inside Thai territory or a foreign force intrudes. Moreover, the task force has also fully taken care of the people living along the border by telling them not to enter the forest areas for they may be held for ransom or step on landmines.

On this occasion, he also confirmed that no Khmer Rouge force has ever set up its base inside Thai territory as reported.

He went on to say that in order to create understanding between the two countries, commanders from both sides should meet, discuss, and develop correct understandings with each other.

The question of opening a border point at Anma Pass was deemed not yet suitable because of dangers involved. So far, the closure of the border point at the pass has not affected the people, with the exception of logging companies.

However, reporters joining this inspection trip have reported that in the observed areas there was no foreign force setting up a stronghold inside Thai territory. Anyway, they accepted that the unclear border line poses a problem since it is hard to clearly state to which side the area belongs.

Security Policy Briefing on Laos, Burma

BK0807135095 Bangkok BANGKOK POST in English 8 Jul 95 p 6

[FBIS Transcribed Text] Chiang Rai — Thailand will not support acts of hostility by minority or resistance groups against the governments of Burma or Laos, National Security Council secretary-general Charan Kunlawanit said yesterday.

Gen Charan reiterated Thailand's stance towards neighbouring countries at a seminar on the implementation of the national security policy in northern border areas, held at a hotel in this northern province.

The seminar was attended by the governors of eight northern provinces bordering on Burma and Laos including Chiang Rai, Chiang Mai, Mae Hong Son, Tak, Nan, Phayao, Uttaradit and Phitsanulok.

Other participants included military and police officers as well as government officials from the Interior, Agriculture and Cooperatives, Foreign Affairs and Labour and Social Welfare ministries.

Gen Charan said the seminar was aimed at assessing the border situation, setting guidelines for promoting relations with neighbouring countries and gathering opinions and suggestions for use in reviewing Thailand's national security policy towards Burma and Laos.

Gen Charan said Thailand will still focus on cooperating with Burma to prevent and suppress the availability of narcotics and chemical substances used to produce illicit drugs along common border areas.

Furthermore, Thailand will not support minority groups fighting the military regime in Burma or allow any movements to use the Kingdom as a springboard to attack Burmese government forces, he said.

Stern action will be taken against those conspiring with any groups to cause damage to Thai-Burmese relations, according to Gen Charan.

As for Laos, Gen Charan said Thailand was ready to render cooperation and strengthen cultural and social relations with the country.

Thailand will not support resistance groups in Laos either. The two countries will help to maintain security along the border, he said.

Thailand will continue to provide humanitarian assistance to refugees fleeing fighting in neighbouring countries.

Gen Charan said Burmese troops and Karen guerrillas are still fighting in border areas straddling Tak, Mae Hong Son and Chiang Rai provinces.

About 22 refugee camps have been set up along the Thai-Burmese border but the refugees will be repatriated back home once peace returns to their areas.

Thailand has already opened five temporary checkpoints along the Thai-Burmese border.

Outgoing Premier Views Burmese Border Conflict

BK1007051295 Bangkok THAILAND TIMES in English 10 Jul 95 p 3

[FBIS Transcribed Text] Bangkok — Outgoing Prime Minister Chuan Likphai said yesterday someone behind the scenes has been profiting from the recent fighting between the Burmese government and ethnic minority groups along the Thai-Burmese border.

Chuan added that whoever it was that was benefiting from the conflict would also use this issue to attack the Democrat Party.

The prime minister said one of the main causes of the fighting in Mae Hong Son Province stemmed from disagreements between Burma and Thailand regarding the trade in forest products along the border. He added the issue should be managed by a local committee.

As for general relations with Burma, Chuan said Thailand's policy of constructive engagement to improve ties with the Burmese government needs time before it can reach its goals.

Furthermore, regarding the Burmese government's opposition to Thai goods to be sold in Burma, Chuan said it was not sure from where such opposition had come. He added all he'd been aware of was a leaflet distributed around the Mae Sot District of Tak Province which opposed the Burmese consumption of Thai goods.

Chuan said the opening of border checkpoints for trade between the two countries would depend on the particular situation in each border area, adding that "If there are no serious problems, Thailand would have no reservations about reopening any checkpoint."

However, Chuan continued that the security situation [along] border areas does not only depend on Thai policies, but also the foreign policies of neighboring countries which are always changing.

Meanwhile, Somchet Wiriyadamrong, governor of Mae Hong Son Province, yesterday said about 23,000 refugees recently fled across the Thai-Burmese border into the province to escape from fighting between the Karen National Progressive Party and the Karen National Union.

The areas of Mae Hong Son Province to where the refugees fled include the Sop Moei, Mae Sariang, Khun Yuam and Muang Districts.

He said he has ordered agencies concerned with refugee matters to oversee the placement of the Karen as well as look after Thais living in the region who have been affected by the fighting.

Somchet added non-governmental assistance to local Thais living along the border will help these people improve their quality of life.

Permanent Secretary to the Health Ministry Withun Saengsingkaeo said an increasing number of Burmese refugees are escaping from the fighting, adding that the Health Ministry realizes the necessity to provide them with humanitarian assistance and will ask the government for a budget to support them.

In addition, Withun said it is necessary to supervise and control with preventative measures the spread of epidemics, especially malaria and cholera, around the border areas.

Burmese Troops To Check on Thai-Karenni Trading

BK0807121495 Bangkok BANGKOK POST in English 8 Jul 95 p 6

[FBIS Transcribed Text] Mae Hong Son — The deployment of Burmese troop reinforcements along the border is intended to check on Thai businessmen involved in the logging business with the Karenni National Progress Party (KNPP) and not to engage members of a rebel party as earlier reported, according to Thai-Burmese Border Committee chairman Col Phibun Bucha.

A large number of Burmese soldiers have been stationed in many areas opposite Khun Yuam and Muang districts of this northern province.

Confrontations between the Burmese army and the KNPP, however, have drawn the two sides into clashes causing KNPP members living along the border to flee into Thailand.

Col Phibun said the fighting had subsided, adding Burmese troops were not sent to engage the KNPP but to keep an eye on the logging trade between Thai businessmen and KNPP members.

The Burmese government has been informed that some Thai businessmen have been illegally transporting teak and processed wood products out of KNPP-dominated areas into Thailand.

The Burmese Government reportedly tried to buy processed wood products from the KNPP but failed to settle on a price.

The KNPP has preferred to sell the wood to Thai traders because they can demand higher prices, Col Phibun said.

Khaya Tribe Members Flee Burmese Air Strikes

BK1007035195 Bangkok BUSINESS DAY in English 10 Jul 95 p 1

[FBIS Transcribed Text] Nearly 20,000 Khaya tribe members entered the country yesterday at several border checkpoints in Mae Hong Song Province.

They were escaping strafing raids by the Myanmar [Burmese] airforce on Khaya rebel positions.

According to the Independent News Network (INN) Myanmar air force jets have attacked Khaya strongholds for the past two weeks. They were attempting to secure road access to the bases of the Muang Tai Army (MTA), of drug baron Khun Sa.

A MTA army officer identified only as Chaisaeng said Myanmar jets were flying over Thai territory in order to launch raids on Khaya positions.

"We cannot ask the Thai government to stop these incursions of their air-space," said the officer: "However, we think that if this situation persist then minority rebel bases along the Thai-Myanmar border will be replaced by Myanmar army bases and that will be a threat to the national security of Thailand."

Rangoon, Karennis Continue Fighting

BK0707144795 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 7 Jul 95

[FBIS Translated Text] The Naresuan task force yesterday morning seized 19,200 TNT dynamite sticks weighing 3,840 kg from a six-wheeled truck in Ban Sala Choeng Doi, Mae Sai District, and also from Ban Nise in Mae Fa Luang Subdistrict, Chiang Rai Province. According to the commander of the Naresuan task force, Lieutenant General Thanom Watcharaphut, the explosives are not the kind used by the Thai army or police, therefore, it is believed that they were to be delivered to the Shan forces of Khun Sa.

General Charan Kunlawanit, secretary general of the National Security Council, who was in Chiang Rai for a conference said the seizure reflects Thailand's sincerity in its assurances that it never supported the Burmese ethnic resistance groups. He said Thailand had always been on the lookout for intelligence and that arrests had been made continually.

Concerning the fighting between the Burmese Government troops and Karenni forces near the Thai border in Mae Hong Son Province, there was a report saying that the Burmese Government had sent reinforcements to the area and that its troops have set up command posts about 10 km inside the Burmese border. According to Colonel Phibun Bucha, commander of the 35th command unit, the recent clashes were not violent. They were only exchanges of gunfire between patrol units. He said the current situation should have no impact on Thailand's sovereignty or affect Thais living along the border.

Meanwhile, correspondents based in Chiang Rai have reported a resumption of the fighting between the Burmese patrol units and forces of Khun Sa near Thachilek, which is opposite Mae Sai District in Chiang Rai Province. According to them, the fighting is continuing for the third day.

BoT Assistant Governor Named Bank Director

BK0707090495 Bangkok THE NATION in English 7 Jul 95 p B1

[Report by Charuwan Loetwinyu, Watchara Charunsantikun]

[FBIS Transcribed Text] The Bank of Thailand will appoint Pakon Malakun Na Ayutthaya, one of its assistant governors, as its representative to the Bangkok Bank of Commerce [BBC].

This move signals for the first time its success in taking an active role in the rehabilitation of the beleaguered bank.

Pakon, who once played a similar role at First Bangkok City Bank, has received instructions from Bank of Thailand Governor Wichit Suphinit to prepare himself to become a director of BBC, which will also undergo drastic management restructuring.

This follows the dramatic arrival of the Fund for Rehabilitation and Development of Financial Institutes, which will emerge as the single largest shareholder of BBC after it subscribes to 50 million of the total 200 million shares issued by the bank as a private placement. The Fund, set up in 1984 by the banking authorities to bail out ailing financial institutions, is chaired by the central bank governor.

Apart from the Fund, the Government Savings Bank will buy 25 million shares from BBC's private placement, compared to 15 million shares for Precious Shipping Plc, 38 million for Olbi USA Inc, 14 million for International Credit Brokerage Holdings NY, 38 million for ICB Holding on behalf of the Savings Bank of the Russian Federation, and 20 million shares for MDX Plc.

"This will mark the first time in two years that the central bank has been able to deal with the bank," said Scott Christiensen, an investment analyst at JF Thanakom Securities Plc.

The 200 million share private placement, once completed, will bring BBC's share capital up to Bt[baht]8 billion. But since the new shares are issued at Bt15 apiece, it will help BBC muster Bt3 billion in fresh funds, while the bank prepares to fulfil a further obligation to raise its capital to Bt1O.7 billion.

Pakon will become a director on both the main board and executive board of BBC, according to Wichit. In exchange, BBC will be allowed to expand its business scope to offshore banking under the Bangkok International Banking Facility and also into underwriting. The central bank will also approve its plan to set up an offshore unit in the Cayman Islands, which will help BBC raise cheaper offshore funds.

Initially, BBC intended to place all the 200 million shares into foreign hands. But since this would have exceeded the foreign ownership ceiling, it instead had to reduce the offer to 90 million shares for foreign investors. It was Kroekkiat Chalichan, BBC's president, who late last month asked Wichit to bring in the Fund to participate in the private placement.

"The Fund will help play a part in safeguarding shareholders' interests and improving the bank's management," said Charung Nukhwan, another assistant governor of the Bank of Thailand. "All the decision-making processes of top management should not be made by the president alone."

Two grave problems are looming for BBC—bad debts and high finance. A question has been raised over its ability to fulfil its loan-loss reserve requirements as specified by the central bank. Kroekkiat stressed that so far the bank has been able to allocate 50 percent of its reserves to cope with possible bad debts, and that by the middle of next year it will be able to write off all these bad debts should they appear.

However, he did not elaborate as to how the bank will deal with its gigantic bad debt problem once and for all. In its annual report, BBC's auditor indicated the bank, as of the end of Dec 1994, had allocated Bt1.74 billion in reserves against doubtful debts of Bt11 billion.

Of this Bt11 billion, Bt5.16 billion was incurred from both individuals and companies and was collateralized at Bt1.1 billion, while the remaining Bt6 billion had only Bt1.86 billion in collateral. The provisions set out by the bank were believed not to include this portion of Bt11 billion in doubtful debts, which the bank has insisted it will try to turn into good assets.

BBC's expedition into high finance or mergers and acquisitions [M&A] has also raised eyebrows among the banking authorities, who prefer that the bank sticks to traditional banking businesses. BBC is maintaining Bt4-Bt5 billion in outstanding loans for M&A, equivalent to about 15 percent of its asset portfolio.

Its lendings for M&A have been collateralized by 150 percent—100 percent in stocks and the remaining 50 percent in property.

Vietnam

Radio Views U.S. Senators' Visit

BK0707135895 Hanoi Voice of Vietnam in English 1000 GMT 7 Jul 95

[Radio commentary]

[FBIS Translated Text] A delegation of American senators led by Mr. Tom Harkin left Ho Chi Minh City Thursday concluding a five- day visit to Vietnam as from 2 July. This group of American senators had a good impression on Vietnam and expressed support to the full diplomatic relations between the two countries. In this connection, the Voice of Vietnam has this to say:

Immediately after meeting with the Vietnamese leaders, this group of American senators called by a special region of Vung Tau-Con Dao in southern Vietnam. They visited the tiger cages where 20 years ago, the former Saigon administration had detained and tortured the Vietnamese Communists. The American senators held that these tiger cages reminded them of the brutality of the former Saigon regime toward its people. Senator Tom Harkin held that there is no doubt that the current administration of the Communist Party of Vietnam is by far better than the old regime and urged the American administration to set up full diplomatic relations with Vietnam. He also pointed out that President Bill Clinton had received all what he needs to normalize relations with Vietnam. The President should make the decision right away because normalization of relations with Vietnam has been supported by all war veterans and the Senate.

Senator Tom Harkin's remarks have won support and approval of his associates and the American public as well. In fact, the number of those who opposed the normalization of the American-Vietnamese relations had been decreasing rapidly. Senator John McCain and John Kerry also said they would call on President Bill Clinton to establish official relations with Vietnam when they consider the bill on foreign policies in July. Reports from Washington said: Defense Secretary Perry had voiced support to the recommendations by State Secretary Warren Christopher on the normalization of relations with Vietnam and held that this is the best period of time for the United States to take the decision.

Vietnam held that in the recent past, both countries have taken necessary efforts for an early normalization of bilateral relations. Prime Minister Vo Van Kiet held that the two governments of Vietnam and the United States had better take this opportunity to achieve the normalization of bilateral relations.

Vietnam is prepared for the event. Regrettably, it senses that the United States administration wants to delay the decision. In answer to the question raised at the press conference in Hanoi last week on what will happen if President Bill Clinton does not normalize the relations this year but waits until after the 1996 presidential elections, the Vietnamese Foreign Ministry spokesman said: There would be no change in this tendency.

For Vietnam, the MIA issue is a humanitarian question and Vietnam will continue to cooperate with the United States to solve this question in the best way. It is general knowledge that dialogues between Vietnam and the United States have been widened and beyond the framework of solving the MIA issue. American economists predicted that a bright future is awaiting American businessmen following the full diplomatic relations between Vietnam and the United States are established. American investment in Vietnam might amount to seven billion U.S. dollars and attract some 100,000 workhands in the United States. Despite obstacles, the Vietnamese-American relations will be developed positively.

Businessmen on Normalizing Relations With U.S.

BK0907120395 Hanoi VIETNAM INVESTMENT REVIEW in English 19-25 Jun 95 pp 8, 9

[Article by VIETNAM INVESTMENT REVIEW staff writers]

[FBIS Transcribed Text] American Secretary of State Warren Christopher last week added his voice to calls for normalization of relations with Vietnam, throwing his weight behind a recommendation that President Bill Clinton establish full diplomatic ties after already having ended the 40-year trade embargo against Hanoi.

Although described by U.S. Liaison Office sources in Hanoi as "no routine statement," it is White House advisers who are closer to Clinton's ear: Elections are round the corner and normalization for them is a thorny issue.

"Vietnam is not treated merely as an issue of foreign policy," Professor Brantly Womack, director the East Asia Center, University of Virginia told the VIETNAM INVESTMENT REVIEW. "It is ultimately a domestic concern. In the U.S. there is a saying that 'all politics are local'. Clinton has been receiving such recommendations from a wide variety of people. There are few voices that oppose normalization."

"Is it a good sign? Oh my God it's a good sign," said Al DeMatteis, chairman of the Hanoi chapter of the

American Chamber of Commerce. "It's the light at the end of the corridor."

If Clinton takes the next step America will pass a milestone. But will it be a big deal for Vietnam? "Normalization will make a big difference on Vietnam and the economy," Mun Whan Cho, deputy general manager of Korea's Firstvina Bank said.

"America will become the biggest and most important import-export market for Vietnam. Investment from America will increase and they will become a big competitor for every investor in Vietnam. That worries me.

"There is no limit for Americans when they want to do something. Moreover, the number of U.S. tourists coming to Vietnam will increase 10 fold," he said.

"Normalization will become a big deal," said Ong Bang Heng, project executive of Singapore Straits Steamship Land, one of the first foreign property developers in Hanoi. He said even top 10 foreign investors like Singapore would feel America's might.

"There will be no competition between Singapore and American because America is so big. But the U.S. will create more opportunities for other investors from other countries because they will bring manufacturing, which is very useful."

The arrival of America Inc. may come too late. Sadao Ito, the general manager of the Japanese giant Mitsubishi says there is little room left for big players. "There are too many big investors in Vietnam, so it will be hard to increase trade volume for American companies."

Either way, business people say normalization is long overdue. "From a business perspective I would like it to happen tomorrow," Harry Nguyen, chief representative of Carrier, the U.S. air conditioner firm. "Speaking from a personal point of view, it is very hard for us to work without normal relations. It will create a more favorable environment for us and our position in Vietnam will be much better."

Vietnam joins the Association of Southeast Asia Nations (ASEAN) in July. The U.S., which is a "dialogue partner," might find it awkward to talk to Vietnam if it has not restored relations. Normalization would be the signal that American firms no longer need to proceed slowly.

"Large U.S. firms are cautious of getting too public in getting ahead of the government," said Thomas Schwarz, a partner of New York's largest law firm Skadden Arps Slate Meagher & Flom. "Coke, Pepsi, other large firms and banks are there, but there is still trepidation about the complex political situation."

Since the lifting of the embargo - the Trading With The Enemy Act, as it was officially called - American firms here have been free to compete without restriction but with no support.

Import-Export Bank funding would follow diplomatic ties, ending the need for expensive financing by Japanese trading houses which adds 20 per cent to the cost of project bids by U.S. firms, said James Rockwell of Vatico, an investment and consultancy firm.

"All this could change," said the chief representative of a major U.S. firm which opened its office in Hanoi even before the embargo was dropped. "There could be import-export financing; Conceivably U.S. Government loans. The embassy would have a commercial attache."

This, he said, could place American companies on a level playing field with those from countries that, with their governments' help, have galloped away.

"The longer the wait the bigger the disadvantage on the U.S. side," said an employee from the American oil firm Mobil. "Business people will have more confidence once they have the govemment's backing. Right now it is up to the individual to take the risks."

Sharing the risks does not make them disappear: Obstacles to business that are likely to remain after normalization are the same that exist now.

"The problems facing any foreign businessman is the bureaucracy that exists in the government. It's being attended to by various ministries but it still takes a long time to get anything done here- and that's beyond our control."

Theoretical legal problem can be real practical problems. If legal certainty is lacking U.S. companies will at least want to count on there being a sense of "fair play". "When the first well- publicized arbitration in favor of foreign investor is made against a Vietnamese firm or joint venture partner and enforced by the government that will do much more to boost confidence than a commercial code," said Schwarz.

According to a foreign lawyer in Hanoi, the same confidence boost would apply when "the first foreign businessman makes a pile of money and is allowed to take it out of the country".

"Normalization will bring more public involvement," Schwarz said. "Having MFN and bilateral accords that protect company assets will allow U.S. companies that have done their homework to bring it to fruition.

"Obviously it takes time to find a partner. I do not see a big gold rush of companies who have not been here before."

The American Chamber of Commerce has 92 members in its Hanoi chapter and about 130 in Ho Chi Minh City. DeMatteis does not think he is going to see these figures climb soon.

Even so, Schwarz said a factor in Vietnam's favor was that, of the developing countries in the world, Vietnam is more easily understood by the American business community. "The Vietnamese understand the notion of making a profit," Schwarz said. "A lot of time and effort was put in by large U.S. companies in Eastern Europe and Russia in getting people to understand that it's okay to make a profit. The poorest people understand it's okay to make a profit and that sets the tone."

Last week Bill Clinton said he had made no decision on Warren Christopher's proposal. Will it happen? "I am not a betting man," said the Hanoi chief of a major U.S. firm. "When I do make bets I make them to win. I bet Clinton would become president and I took people's money. This time it is on the flip of a coin."

Friendship Delegation Visits U.S.

BK0707150295 Hanoi VNA in English 1305 GMT 7 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 7 — A friendship delegation led by Mr. Nguyen Quang Tao, president of the Vietnam Union of Friendship Organisations, visited the United States in late June as guests of the American Centre for International Leadership.

While there, the delegation exchanged views on issues relating to the relationship between the two countries with senators and members of the House of Representatives, senior officials of the US Departments of State and Defense and US War Veteran Associations, and non-government organisations.

In Colorado state, the delegation had working sessions with the president of the sponsoring centre and other professors and lawyers. The two sides discussed measures to strengthen the relations among social and non-government organisations, universities and research centres of Vietnam and the United States.

Vo Van Kiet, Do Muoi Receive Cuban Minister

BK0707095895 Hanoi VNA in English 0554 GMT 7 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 6 — Party General Secretary Do Muoi and Prime Minister Vo Van Kiet received here today on separate occasion a delegation of Cuban Ministry of Agriculture led by Minister Alfredo Jordan, which arrived on July 5 for a working visit to Vietnam as guest of the minister of agriculture and food industry. While receiving Mr. Jordan, who is also Politburo member of the Communist Party of Cuba, Mr Muoi welcomed the agricultural ministries of the two countries which often met to exchange experience and to implement several practical and effective cooperation programmes. He expressed his wish for the further promotion of the all-sided cooperation between the two countries.

Mr. Muoi stressed that the party, state and people of Vietnam are always grateful to the party, government and people of Cuba for their whole-hearted solidarity, support and assistance for the Vietnamese people's revolutionary cause. He said they would do their best to further consolidate and develop the fraternal solidarity and mutual help between the two nations.

During Prime Minister Kiet's reception, the Cuban minister highly valued Vietnam's achievements and experience in agricultural production, especially in producing food and foodstuff. He said that Cuba could benefit from them to solve difficulties in its shortage food at present. He expressed his gratitudes to the Vietnamese party, government and people for their support and assistance to the Cuban people and their revolutionary cause.

Talking with the Cuban guests, Prime Minister Kiet highly appreciated the results of the working sessions between the two agricultural ministers with a view to solving agricultural problems in each country. He proposed some programmes and fields for cooperation, particularly in agriculture and rice production. He expressed his wish for the constant development of the friendship and cooperation between the two countries.

Earlier, the Cuban delegation held talks with a delegation of the Ministry of Agriculture and Food Industry headed by Minister Nguyen Cong Tan. The two sides discussed possibilities for cooperation and mutual assistance in agricultural development, particularly in food production.

Romanian Prime Minister Conducts Official Visit

Paper Welcomes Visit

BK0907074995 Hanoi VNA in English 1359 GMT 8 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 8 — The national paper NHAN DAN welcomes Romanian Prime Minister [PM] Nicolae Vacaroiu's visit to Vietnam beginning today as 'a contribution to the promotion of the friendship and cooperation between Vietnam and Romania in a new stage of development.'

In an editorial today the paper said that Mr Vacaroiu is the first head of the Romanian Government to pay a visit to Vietnam since the change of the political regime in his country in 1989.

The paper goes on :

...'Vietnam welcomes initial achievements recorded by the Romanian leadership and people in their hard struggle against economic recession and for political stabilization.

P.M. Vacaroiu's visit is aimed at inquiring into cooperation possibilities between the two countries in new stage on the basis of traditional ties. The official establishment of the diplomatic relations between Vietnam and Romania in 1950 had created favourable conditions for the development of the friendship and multi-faceted cooperation between the two countries until 1989. Romania granted Vietnam 66 million roubles as gratuitous aid, cleared off 25.5 million roubles of debt, trained thousands of graduates, post- graduates and skilled workers, and provided Vietnam with interest- free long-term loans.'

It continues :'Since 1989, political changes in Eastern Europe in general and in Romania in particular have effected the traditional relations between the two countries. However, their bilateral ties saw positive changes in recent years. Vietnam and Romania signed agreements on trade, investment promotion and protection, and a navigation agreement, creating legal basis for their cooperation in the new stage. The activities of the Romania-Vietnam Inter- Governmental Committee for Economic, Scientific and Technical Cooperation were also restored.'

'While implementing an open-door foreign policy, diversification and multi-lateralization of the relations, Vietnam and Romania always attach importance to the preservation and development of the traditional friendship and cooperation. Together with exchanges of visits recently made by officials of different levels of the two countries Prime Minister Vacaroiu's visit will be an important contribution to the consolidation and development of the bilateral relations, opening a new chapter in the friendly and cooperative ties between the two countries on the basis of equality and mutual benefit,' the paper concludes.

Official Visit Begins

BK0807092495 Hanoi VNA in English
0706 GMT 8 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 8 — Romanian Prime Minister Nicolae Vacaroiu begins a two-day official visit to vietnam today.

The visit, made at the invitation of Prime Minister Vo Van Kiet, is aimed at promoting traditional ties between the two countries for cooperation on a new basis-equality and mutual benefit. It will see the signing of three agreements, on cultural cooperation, consular affairs and double taxation avoidance.

The Romanian prime minister arrived late in the evening on Friday in the company of Trade Minister Petru Crisan [name and title as received], Industry Minister Dumitru Popescu, Technology and Research Minister Dumitru Doru Palade and Minister in Charge of Relations with the Parliament Valer Dorneanu, and a group of 30 business leaders.

Today, following the official welcoming ceremony at the presidential palace he will tave talks with Mr.Vo Van Kiet.

Later on he will take part in a meeting between Romanian and Vietnamese business people and will be received by President Le Fuc Anh and Communist Party General secretary Do Muoi before being entertained by his host.

Prime Minister Nicolae Vacaroiu will wind up his visit on Sunday by paying floral tributes at the monument to fallen combatants as well as the Ho Chi Minh mausoleum.

Le Duc Anh Receives Vacaroiu

BK0907095495 Hanoi VNA in English
1705 GMT 8 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 8 — State President Le Duc Anh received here this morning Romanian Prime Minister Nicolae Vacaroiu now on a two-day official visit to Vietnam at the invitation of Prime Minister Vo Van Kiet.

The prime minister conveyed Romanian president's invitation to President Anh to visit Romania. He expressed his pleasure at the results of the talks held this morning with Prime Minister Vo Van kiet.

President Anh welcomed the Romanian governmental delegation's visit as a manifestation of the new stage of development of the friendship and cooperation between the two countries.

Speaking about Vietnam's foreign policy to befriend with all countries the world over, President Anh stressed that the Vietnamese people have always remembered the sentiments and assistance extended by the Romanian people to them in their past struggle for national independence as well as their present national construction. He expressed his wish that following the visit by the Romanian prime minister, the friendship and multifaceted cooperation between the two countries would be further developed for the benefit of each country and for peace, stability and development in their regions.

President Anh asked Prime Minister Vacaroiu to convey his invitation to the Romanian president to visit Vietnam.

Cooperation Agreements Signed

BK0907102595 Hanoi VNA in English 1648 GMT 8 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 8 — Vietnam and Romania signed here this morning three agreements on consular affairs, cultural and scientific cooperation, and double taxation avoidance.

The signing took place during the two-day official visit to Vietnam by a Romanian governmental delegation led by Prime Minister Nicolae Vacaroiu.

The agreement on consular affairs and the agreement on cultural, scientific, technological, educational and sport cooperation were signed for Vietnam by Deputy Foreign Minister Nguhen Dy Nien, and for Romania by Chief of the Foreign Ministry's Africa-Asia-Latin America and Oceania General Department Micrea Geoana.

Finance Minister Ho Te and Romania's Trade Minister Petru Crisan signed the agreement on double taxation avoidance and prevention of tax evasion in respect of income tax and property tax.

Prime Ministers Vo Van Kiet and Nicolae Vacaroiu witnessed the signing.

Do Muoi Receives Vacaroiu

BK0907100095 Hanoi VNA in English 1705 GMT 8 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 8 — General Secretary of the Communist Party of Vietnam Do Muoi received here this afternoon Romanian Prime Minister Nicolae Vacaroiu during his current visit to Vietnam.

The Romanian Government leader conveyed regards from President Ion Iliescu to the party chief, and wished the Vietnamese people new achievements in their renovation process. He assured the party leader of the Romanian Government's policy to promote the two countries' cooperation not only in the economic field but also in culture and education.

The party chief expressed thanks to the Romanian people for their assistance to the Vietnamese people in the past. He wished that the two countries would promote contacts and carry out economic cooperation programmes in line with the potential and capacity of each country and to broaden their relations in various fields for the benefit of both countries and for peace, stability, cooperation and development in the world.

Activities Reported

BK1007094395 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 8 Jul 95

[Report by Dinh Khai]

[FBIS Translated Text] Dear friends: As announced before, this morning, 8 July at the Presidential Palace, Prime Minister Vo Van Kiet held talks with Romanian Nicolae Vacaroiu. Attending on the Vietnamese side were Government Office Minister Le Xuan Trinh; Do Quoc Sam, minister and chairman of State Planning Committee; Trade Minister Le Van Triet; Dang Huu, minister for Science, Technology, and Environment; Deputy Foreign Minister Nguyen Dy Nien; Deputy Construction Minister Tran Van Huynh; Nguyen Trung, assistant to the prime minister; Nguyen Ngoc Sinh, Vietnamese ambassador to Romania; and high-ranking officials of Prime Minister Office and other ministries concerned.

On the Romanian side were Trade Minister Petru Crisan; Industry Minister Dumitru Popescu; Doru Dumitru Palade, minister for Research and Technology; Valer Dorneanu, minister for Relations with Parliament; Health Ministry Iulian Mincu; (Jewana), Foreign Affairs Ministry's official; Valeriu Arteni, Romanian ambassador to Vietnam; and many high ranking Romanian Government officials.

Prime Minister Vo Van Kiet heartily welcomed Prime Minister Nicolae Vacaroiu and other distinguished Romanian guests to Vietnam, considering the visit an important event marking a new development step in friendly and cooperative ties. In the friendly and open atmosphere of the meeting, Prime Minister Vo Van Kiet informed his guests about the renovation policy and the wide-open, diversified, and multilateral foreign policy of Vietnam. He confirmed Vietnam's consistent policy of regarding highly the development of friendly relations and multilateral cooperation, especially in the economic and trade arenas on new bases, with traditional friends including Romania. Prime Minister Vo Van Kiet highly valued the achievements of Romanian people in their socioeconomic reform program aimed at building a prosperous and happy country, as well as its efforts to promote the trend of peace, stability, and cooperation in the region and the world.

Prime Minister Nicolae Vacaroiu, in return, briefed on the achievements of Romanian people in the socioeconomic stabilization process and in the implementation of the reform program to help Romania progress on the path of development and prosperity. He highly valued the achievements of Vietnamese people in the renovation process and in foreign relations that have enabled Vietnam to integrate into the regional and the world communities.

Prime Minister Vacaroiu thanked Prime Minister Vo Van Kiet and the people of Vietnam for their solemn, friendly, and warm reception given to him and his entourage. The two prime ministers expressed delight at the fine development of ties, and the determination of the two governments and peoples to continue with its consolidation and development. This is to take advantage of the new opportunities to further accelerate the mutually-beneficial cooperation in different fields, thus lifting bilateral ties to a new level reflecting the great potential of each country.

The two prime ministers also exchanged views on international and regional issues of common concern. Prime Minister Nicolae Vacaroiu extended an invitation to Prime Minister Vo Van Kiet to visit Romania officially, which the latter sincerely thanked and accepted. Specific details of the visit will be arranged through diplomatic channels. The meeting was held in a friendly and mutually understanding atmosphere.

Dear friends, the Vietnam Chamber of Commerce and Industry has organized a seminar at the Government Guest House in Hanoi this afternoon for Vietnamese businesmen, and also Romanian businessmen who are members of the Romanian Government delegation led by Prime Minister Nicolae Vacaroiu now on an official friendship visit to our country.

Attending the seminar on the Vietnamese side were Commerce Minister Le Van Triet, representatives of many ministries and sectors, and more than 50 officials in charge of oil and gas; energy, construction, agricultural products and food supplies import-export; transport and communications; equipment and machine tools import-export; handicraft, art, and consumer products import- export; and compound business operations. On the Romanian side were Commerce Minister Cristian Ionescu and more than 50 businessmen in charge of oil and gas exploitation, transport, railway service, construction, energy development equipment, car and engine manufacturing, wood and plastic products manufacturing, garment making, handicraft and art products manufacturing, and compound business operations.

Speaking on this occasion, Romanian Prime Minister Nicolae Vacaroiu said the aim of this official friendship visit to Vietnam by the Romanian Government delegation as guest of Prime Minister Vo Van Kiet was to open new prospects for political, economic, and diplomatic cooperation between the two countries. His Excellency, the Romanian prime minister said:

[Nicolae Vacaroiu in Romanian fading into Vietnamese report] We are very pleased and honored to be here with the Vietnamese businessmen. Our thanks go to the Vietnam Chamber of Commerce and Industry for giving us this opportunity. We would like to stress that the economic and diplomatic ties between the two countries have existed for more than 45 years now. Developments in Romania over the past five years and the new changes in Vietnam over the past years have exerted a very positive impact and will create conditions for broadening bilateral economic and trade ties. It is for this very reason that during this visit to Vietnam, we want to work out adequate measures to promote economic and trade ties. In fact, we have well-established and favorable basic legal groundworks for the promotion of ties. These include the agreement on investment promotion and protection, the agreement on avoidance of double taxation, and other agreements and legal documents just signed. These documents create very favorable conditions for the promotion of cooperation. Our problem now is the need to seek measures to improve communication and information between the two countries to help Vietnamese and Romanian businessmen seek joint venture opportunities and further promote bilateral ties.

I am pleased because the two chambers of commerce have just signed an agreement on cooperation and hope that the two organizations will make greater efforts to step up their activities to keep pace with the growing development of our ties.

Next, Prime Minister Vacaroiu presented Romania's economic development over the past five years.

Dear friends, at the seminar, Vietnamese and Romanian businessmen exchanged information on the development of business operations in their respective countries, thus promoting mutual understanding and providing knowledge of opportunities for economic cooperation.

Vo Van Kiet Hosts Banquet

BK0907101995 Hanoi VNA in English 1648 GMT 8 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 8 — Prime Minister Vo Van Kiet gave a banquet here this evening to welcome the visiting Romanian Prime Minister Nicolae Vacaroiu and his entourage.

In his dinner speech Prime Minister Kiet said:

'Vietnam and Romania are two traditional friends. To develop relations with Romania and other friendly countries is an important part of Vietnam's foreign policy. We are grateful for valuable assistance the Romanian people gave to Vietnam in the past. We are pleased at the achievements recorded by the Romanian people in the process of stabilising their socio-economic situation, promoting reforms, and turning Romania into a prosperous country.'

For his part, the Romanian prime minister said :

'The Vietnam-Romania friendship and cooperation based on common international standards and for long-term benefit of the two peoples developed in the past 45 years since Romania set up diplomatic relations with Vietnam.'

'Agreements signed today will serve as legal basis for promoting their trade, economic, scientific, technical and cultural cooperation to a new scale.'

'Exchanges of views on international issues are very useful. I see that both of us are interested in the promotion of understanding, cooperation and peace in regions we are living.'

Official Visit Concludes

BK0907105095 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 9 Jul 95

[FBIS Translated Text] A ceremony was held this morning in Hanoi to bid farewell to Romanian Prime Minister Nicolae Vacaroiu at the conclusion of his official friendship visit to our country. Attending the seeing-off ceremony were Nguyen Dy Nien, deputy foreign minister; Le Xuan Chinh, minister and head of the Government Office; Le Van Triet, minister of commerce; Doan Duy Thanh, president of the Vietnam Chamber of Commerce and Industry; Hoang Van Huyen, chairman of the Hanoi City people's committee; and many high-ranking party and state officials.

Deputy Foreign Minister Nguyen Dy Nien thanked Romanian Prime Minister Nicolae Vacaroiu for his official friendship visit to our country. The visit has further strengthened the existing relations between the two countries and opened new prospects for bilateral cooperation. Prime Minister Nicolae Vacaroiu thanked General Secretary Do Muoi, President Le Duc Anh, Prime Minister Vo Van Kiet, and the Vietnamese people for having accorded his delegation a cordial reception. He stressed that the agreements signed in the framerwork of this visit would open new prospects for economic, scientific and technological, cultural, and sports cooperation between the two countries. He wished bilateral relations constant development and hoped that the renovation undertaking of the Vietnamese people would score even greater achievements and quickly turn Vietnam into a prosperous country.

Thai Army Commander Concludes Visit

BK0907110995 Hanoi VNA in English 1705 GMT 8 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 8 — The supreme commander of the Thai Royal Army, Gen. Watthanachai Wutthisiri, who headed a high-level thai military delegation, left Ho Chi Minh City this evening, concluding a two-day official visit to Vietnam.

While here, the Thai delegation was received by Deputy Prime Minister Phan Van Khai, Defence Minister Doan Khue and Foreign Minister Nguyen Manh Cam.

The guests paid tribute to Ho Chi Minh president at his mausoleum, and visited the Army Museum and some military units.

Prime Minister Orders Antismuggling Measures

BK0907124595 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 6 Jul 95

[FBIS Translated Text] To counter the situation of smuggling activity nationwide in the last six months, which has been increasing in scale with major cases involving tens of billion dong each, the prime minister has recently ordered the Ministry of Trade to coordinate with other relevant ministries and agencies to work out effective directives on antismuggling activity. The directives are to be started in August. The prime minister requested that the ministries, sectors, and localities work out early plans to suppress the burgeoning smuggling activity.

All types of smuggling activity should be handled severely. Leaders of ministries, sectors, agencies, and localities who allow smuggling activities of subordinates or lend or hire out facilities to be used in smuggling activity should be made liable to disciplinary administration punishment.

For the short term, the prime minister demanded that the Ministry of Trade, together with the Ministry of Finance and Customs General Department, review some policies on export-import and tax rates for import-export goods, and recommend necessary adjustments to the government.

Vo Van Kiet Meets With Committee Chairmen

BK0707100295 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 6 Jul 95

[FBIS Translated Text] In Hanoi on 5-6 July, Prime Minister Vo Van Kiet held a conference with the people's committee chairmen of 13 provinces and cities in the northern delta, midlands, and the former fourth zone to discuss the implementation of state plans and the budget during the first six months of the year and tasks for the remaining period. The conference also discussed measures against smuggling and plans for the construction of the Hanoi-Vinh section on Highway No. 1A and Route No. 18.

People's committee chairmen of various provinces expressed their unanimous views to the government's appraisal of the socioeconomic situation of the 13 northern provinces during the past six months. Generally speaking, the socioeconomic situation was stable. Agricultural and industrial production output increased remarkably while business and services developed satisfactorily. The cultural, educational, and social domains improved steadily while national defense and security were firmly maintained. However, capital construction and the collection of state revenues were not carried out effectively while the price situation showed signs of complication.

Delegates to the conference discussed, contributed ideas, and proposed to the government various measures aimed at accelerating the implementation of the 1995 state plans. They also expressed the determination to lead their provinces to satisfactorily implement various key policies set by the government, including the effort to attain the planned economic growth, fulfill grain production targets, ensure sufficient grain, increase revenue collections, and reduce expenditures. They also discussed measures aimed at inspecting and controlling capital construction and export-import activities, opposing smuggling, balancing money and goods, stabilizing prices, and formulating a general plan for socioeconomic development of the region to facilitate development during the 1996-2000 period.

Prime Minister Vo Van Kiet and Deputy Prime Minister Pham Van Khai addressed the conference. The prime minister instructed people's committee chairmen to strive to collect full state revenues while strictly controlling expenditures to save state budget to meet requirements in development. He urged them to strive to seriously suppress smuggling and law breaking acts in economic and other activities while making efforts to complete projects on building or upgrading roads according to schedule. The prime minister also urged these chairmen to improve their state management work while striving to enhance their role and fulfill the assigned tasks.

Australia

No Reason To Risk Relationship With France

BK0907133095 Melbourne Radio Australia in English 1100 GMT 9 Jul 95

[FBIS Transcribed Text] The head of the Australian Department of Foreign Affairs and Trade, Michael Costello, says there is no reason to put Australia's diplomatic relations with France at risk over the resumption of nuclear testing. Mr. Costello says Australia will continue to make strong protest to France over its decision to conduct eight nuclear tests in the South Pacific. However, in the television interview, he said it would not be appropriate for Australia to risk its diplomatic relations with France. Mr. Costello said he did not believe the Australian people expected the government to do that and it had no intention of doing so. He said an Australian representative would attend the Bastille Day celebration on 14 July at the French Embassy in Canberra.

Nuclear Tests Unlikely To Affect Uranium Sales

BK0707145495 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 27 Jun 95 p 7

[Report by Ian Howarth]

[FBIS Transcribed Text] Australian uranium sales to France totalling 270 tonnes a year and worth around $US9 million ($12.5 million) are unlikely to be jeopardised by the anguish over the resumption of nuclear testing in the Pacific.

Only one of the two uranium mines in Australia supply uranium to the French electricity industry.

Energy Resources of Australia [ERA] Ltd has a contract to supply 270 tonnes a year, negotiated in 1987, which runs until 2000.

ERA yesterday refused to reveal its contract price for uranium yellowcake sales to France, but its annual report shows the average price for uranium is between $US15 and $US16 a pound.

Yesterday ERA chief executive, Mr Phillip Shirvington, said no new contracts with French buyers would be negotiated until after the finalisation of the international treaty banning future nuclear testing.

The only other Australian uranium producer, Western Mining Corp Ltd, which produces uranium yellowcake, copper and gold from its Olympic Dam project in South Australia, said it sold no uranium to France.

Australia's two mines are expected to produce a total of 2,650 tonnes of uranium in the current financial year.

But uranium exports are expected to total just over 4,000 tonnes, due to high stockpile levels accumulated in recent years, worth about $188 million in export earnings.

A proposed expansion of the Olympic Dam mine could see production capacity rise to 3300 tonnes by 2000.

'Key Role' of Indian Ocean Region Examined

BK0707133595 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 20 Jun 95 p 14

[Article by Dr. Sandy Gordon, fellow at the Research School of Pacific and Asian Studies, Australian National University: "Indian Ocean an Underrated Region With a Key Role To Play"]

[FBIS Transcribed Text] The conference on the Indian Ocean, held in Perth recently, has been portrayed as a failure on two counts.

First, it has been argued that Australia failed to achieve its twin goals: the establishment of a formal, if low-key, regional structure, such as that which preceded APEC [Asia Pacific Economic Cooperation], and the instigation of an ongoing security dialogue associated with the regional process.

Second, the Indian Ocean process is not seen to be worth the time and money of governments because the region does not contain sufficient economic "critical mass".

These arguments are mistaken. In particular, they do not accurately reflect either the outcomes of the conference or the potential significance of the Indian Ocean region.

To begin with, the view that the Indian Ocean is not "worth the candle" is shortsighted on several grounds.

It ignores the considerable potential of the rapidly liberalising economies of South Asia. Even a hard-headed business "think-tank" such as the Economic Intelligence Unit of THE ECONOMIST is of the view that India may be a better long-term investment bet than China.

But whether or not one accepts that position, a liberalising South Asian market of nearly 1.2 billion people will certainly be an important one over the longer term. Trade positioning is as much about the potential of markets as it is about their present status.

Criticism of the conference also ignores the potential synergism that could develop should an Indian Ocean grouping with similar trade protocols to APEC ever be established.

It is false to think of "Asia" as somehow ending at Burma. The South and East-Asian markets will be increasingly integrated, especially given a common trade protocol regime.

Trade routes and sea lanes of communication do not respect Australia's notion of what constitutes Asia. Already the capital, technology and trading regimes are developing between South and South-East Asia, albeit from a low base.

Dismissing the Indian Ocean region as unimportant for Australia also ignores the potential synergism between capital-rich, oil- bearing South-West Asia and a labour-rich and increasingly technologically capable South Asia. Once China enters the international oil market as a major player, it is likely that oil prices will edge up and that fresh capital will again be injected into the Indian Ocean region.

Furthermore, the newly formed Central Asian Republics, some of which have considerable potential as oil and gas producers, are seeking to downgrade their western links with Russia and develop new outlets south into the Indian Ocean through Iran. Already Tehran is developing the necessary infrastructure to enable this to happen.

Finally, downplaying the Indian Ocean region ignores the fact that the oil-rich Middle East/South-West Asia region is likely to emerge as one of the fastest growing global markets for rural products. Although relatively small, populations of the region are generally growing at 3 per cent or more. For example, the population of Iran has doubled to 60 million since the fall of the Shah.

As for the conference itself, the fact that no co-operative structure emerged does not mean that there was no momentum towards regionalism. In fact, there was general consensus that the process should be taken forward. The difficulty is to know how this might best be achieved.

Even if the so-called "Mauritius process" unravels, a way forward may come out of the meeting of the newly formed Indian Ocean Rim Business Forum, scheduled to take place in New Delhi in November.

This meeting is strongly supported by leading regional business associations such as the powerful Federation of Indian Chambers of Commerce and Industry.

Other second-track processes, such as academic links, will also slowly gather strength. It is sometimes forgotten that the forerunner of APEC, PEC, was initially a purely academic process and that it took nearly 10 years to crystallise into APEC.

Let us now turn to the issue of security. It needs to be recognised that security and trade issues are closely related. This is especially the case in the Indian Ocean where the tension between India and Pakistan is preventing the potential synergism between South-West/Central Asia and South Asia from being realised.

Security and trade are also linked in other ways. Trade liberalisation inevitably throws up a host of security-related issues. Most countries of the region have not yet even ratified the Law of the Sea convention. This needs to be done for secure maritime regimes to be developed.

Then there are the more troubling bedfellows of liberalised trading regimes, such as the international trade in drugs, illegal migration, international crime, environmental degradation, and the spread of diseases such as HIV/AIDS. A number of working groups were established to find ways to address these and other issues.

Furthermore Australia should not overlook the fact that three of the past four contingents that it has sent overseas (all of them under the UN flag) have been dispatched to the Indian Ocean region.

The Indian Ocean is the location of some of the more serious issues surrounding nuclear proliferation.

And finally, oil security in the Indian Ocean is of great importance to Australia's major trading partners, especially Japan.

It is quite appropriate that the security process should be de- linked from the economic process.

It is most unfortunate, however, that that process of de-linking has been widely misrepresented as a failure of the security dialogue. On the contrary, the discussion was fruitful and cordial. It did not involve the raising of any contentious bilateral issues — in itself a considerable achievement.

It was suggested within the security workshop that an inter- institutional dialogue process be initiated. Such a process, if properly supported, could potentially lead to a genuine second-track dialogue emerging — a goal that has hitherto eluded the region.

New Zealand

Diplomatic Offensive on French Testing To Begin

BK1007100095 Hong Kong AFP in English 0946 GMT 10 Jul 95

[Report by Michael Field]

[FBIS Transcribed Text] WELLINGTON, July 10 (AFP) — New Zealand will mount a diplomatic offensive to press France to give up planned nuclear tests at Mururoa Atoll, Prime Minister Jim Bolger said Monday.

Speaking after France dramatically stopped Rainbow Warrior II from getting to the Pacific test base, Bolger said he wanted to "get sufficient world opinion that will persuade (President Jacques) Chirac to change his mind".

Bolger did not spell out how the campaign would be launched, but the issued was discussed at the weekly cabinet meeting.

Bolger said New Zealand wanted the planned resumption of tests after a three year moratorium stopped.

"Ultimately, that is the only solution ... that President Chirac reconsiders his proposal and abandons it," Bolger said.

Foreign Minister Don McKinnon, summoned the French ambassador Jacques le Blanc to parliament to explain France's action to stop the Greenpeace environment group's flagship from reaching Mururoa.

After the meeting, le Blanc had to take a public exit and was confronted by local media. He was adamant however that no violence had been used.

"The only thing I could say is that in this country tear gas is considered a weapon. On the French side it is not a weapon," le Blanc said.

Bolger told New Zealand television that the country was trying to organise Pacific opposition to the tests.

He said the world was seeing "the last swing of a colonial power" who was "indifferent to the needs of its people who it has colonised."

But he said the considered view was that if Australia and New Zealand went for a United Nation's motion to condemn the tests it might not not pass.

"There are not many options for direct action without entering into a very physical confrontation with the French," he said.

"What we have to do is to muster world opinion which seems to be gathering so that President Chirac will go back to the position of his predecessor... and say 'no more nuclear tests.'"

Bolger rejected calls for New Zealand to send a navy frigate to Mururoa as it did in a 1973 protest gesture against atmospheric testing.

"What would it have done at this moment?" he asked. "Would it have rammed the French ship? [quotes as received]

He said New Zealand's ambassador to Paris, Chris Beeby, had been instructed to deliver a protest "at the highest diplomatic level".

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